The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Present "Program" at Nanking and More Demands in the North

ARTICLES IN THIS ISSUE

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(By the Review's Hankow Correspondent)

Open Letter to Vice-President Garner Lists China's Grievances . . . . . By C. Y. W. Meng

"The Basic Conception of China" as Viewed by the Japanese Army . . . . . By Major-General Hayao Tada

The Marriage Problem in China . . By Hubert T. M. Soong

SATURDAY, NOVEMBER 2, 1935 VOLUME 74, NUMBER 9

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9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr.	Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
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		16.25						arr.	Shenyang (Mukden)	dep.						10.15		

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Tientsin, 1st July, 1934.

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密勒氏評論報

The China Weekly

REVIEW

Formerly Millard's Review

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Contents

Editorial Paragraphs

Problem of Improving Prestige of American Business 287
How Japanese Pressure and Chinese Censorship Are Killing the Chinese Press..... 289
Japanese Prepare for Action in North While Nanking Denies Demands Received!..... 290
Japanese Ronin Participate in "Autonomy" Riots in Demilitarized Zone 294
Britain Will Not Blockade Italy Unless U. S., Germany and Japan Join..... 296

Special Articles

Japan Presents New Three-Point "Program" to China; Fresh Warning Served on North China Authorities 299
Open Letter to Vice-President Garner Lists China's Grievances.....By C. Y. W. Meng 302
The Smoke Veil of Japanese Militarism 305
"The Basic Conception of China" as Viewed by the Japanese Army .....By Hayao Tada 306
Japanese Finance Minister Endeavors to Reduce Deficit Covering Loans 314
The Marriage Problem in China.....By Hubert T. M. Soong 316
Mayor Wu of Hankow Entertains Japanese Economic Group 320
Who's Who in China 321
Men and Events 322
New Books of Interest in the Far East 324

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

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PROBLEM OF IMPROVING PRESTIGE OF AMERICAN BUSINESS

IT is no secret that American business has been seriously affected by the economic and financial depression now prevailing in China. The business concerns operated by Americans in China have been much more seriously affected than similar concerns operated by Britons, Frenchmen or by Japanese. With one or two exceptions all real estate concerns operated by Americans here are now in the hands of receivers and two or three local banks have closed, never to reopen. Losses suffered by local Americans, local American institutions and by non-American investors in American enterprises have been considerable; in many cases the losses have been disastrous, leaving in their trail wrecked lives, deaths, suicides. It has all combined to create a serious loss of prestige for American business on the China coast—a loss which will be felt for many years, if not permanently.

Why Americans have been more seriously affected than businessmen of other nationalities, would provide an interesting subject of study. Obviously, it would be difficult to explain why America, richest nation in the world, and for a considerable period leader in the foreign trade of China, should permit its commercial concerns on the China coast to go bankrupt. Any hope which may have been entertained that the American silver-purchase policy would help American business in China has proved to be a false hope indeed, for within the period of the operation of the Act, a considerable portion of American business, that is *local* American business has folded up. W. Cameron Forbes, who headed the American Economic Mission which investigated conditions in China a few months ago, declared in the course of his report that the silver purchase policy of the American Government was not responsible for the Shanghai crash. According to Forbes, "Shanghai is suffering from the results of a protracted real estate boom in which the situation became overextended; real estate values went to fantastic heights, and the inevitable crash came before the American Government's silver purchase policy began to have its sinister effect on Chinese business." A further reason for the depression at

Shanghai, which adversely affected American enterprises, was the withdrawal of funds from Shanghai banks for use in restoring business and developing enterprises in the interior. When conditions were disturbed in the interior, liquid wealth was sent to Shanghai for safe-keeping. This led to inflation; hence when the reverse action set in, that is, funds began to flow back into the interior, the inevitable happened. A further and final element adversely affecting American business in China, as cited in the Forbes report, was the extension of certain of the domestic "New Deal" regulations to the Far East and their enforcement upon American business in this part of the world. This was true of N. R. A. laws enforced on American firms incorporated under the China Trade Act, plus certain interpretations of an existing law pertaining to interest rates which allegedly made it difficult for Americans to obtain money for their businesses under certain circumstances. European and Japanese firms interested in the China trade have close connections with banks and financial organs which are intimately linked up with their home governments, an element of strength entirely absent in the case of American concerns which must shift for themselves in times of economic stress.

Also, one might list other complications closely associated with the racketeering activities of certain Americans intimately concerned with some of the financial organs which have gone bankrupt. But even with these examples before us it is not correct to assume that Americans are more dishonest than foreign businessmen of other nationalities who come to the Far East to try their fortunes. The chief difference is that American commercial and financial enterprises have not been so closely supervised officially as is the case with firms of other nationalities. The writer has no illusions regarding the boasted integrity of businessmen as a class, despite the activities of Rotary clubs, chambers of commerce and similar bodies which are supposed to exercise a restraining influence upon their members. So long as the guiding principle of certain types of business and finance is exemplified in the phrase, "Get the Money and No Questions Asked," there can be little expectation of self improvement without the help of official regulations. In many lines of business sound principles of commercial integrity have been developed which are as high and strict as are those which have been developed in the professions, but there are exceptions—and American business on the China coast is now suffering from these exceptions.

But while American business prestige has been tarnished by the actions of a few speculators of racketeering proclivities, this element is not of fundamental significance, regarded from the standpoint of American business generally. The Americans always have had a weakness for washing their dirty linen publicly, whereas the tendency prevails in other communities to hush up the troubles and do the laundering secretly. Fundamentally, American business and finance on the China coast is essentially sound and in all probability will continue so. Any Chinese who may be interested in the purchase of articles of American manufacture will find agents still functioning and doing business in accordance with established practices. There has been little or no change here and there doubtlessly will be none. It has only been in the fields of strictly "local" enterprises that disaster has come and the cause, aside from those listed in the foregoing, has been due to lack of financial support from home. And, to pursue the subject further, there has been little interest on the part of the home people in these enterprises which were not regarded as vital from the standpoint of the fundamentals of American trade. Anyone who has thought at all seriously on the question must have reached the conclusion that the Sino-American treaties do not provide sufficient scope and protection for the establishment and operation of certain classes of enterprises which are not strictly devoted to the sale of goods. The original treaties bearing on the Open Door and Exterritoriality were designed for the protection of the trader, that is the seller of manufactured articles produced in the West and the buyer of native products for export abroad. Obviously there was no intention when the treaties were originally drafted to use these regulations for the erection of a vast semi-colonial American enterprise on Chinese soil. The entire tendency in recent years, but particularly since the Washington Conference (1921-1922) has been to relinquish these so-called "special rights" to the Chinese Government; hence any hope that these regulations might become permanent had no sound foundation. Had China continued peaceful and developed normally in the years following the Washington Conference most of these special privileges enjoyed by foreigners would long ago have been relinquished to China, but now that the Japanese have violated the treaties and are seeking to dominate China politically and economically, the tendency is to hang on to the special privileges as long as possible as protection against Japanese interference.

Until there is a general readjustment of the situation in the Far East, following a general conference such as the Washington gathering, or a more definite showdown following a war, about all the Americans can do is apply self-help remedies. In the first place they should do their best to adjust the complications caused by the handful of rogues and racketeers and see that those guilty receive adequate punishment. Following that there should be a definite move to adopt protective measures to prevent a recurrence of these same complications. The enactment of the China Trade Act by Congress a decade ago was a move in the right direction, but recent experience has shown serious defects in that legislation which should be rectified immediately. Since the local Americans are the chief sufferers, due to direct and indirect losses in both money and prestige, it would seem that the inspiration for improvement should originate here and should be pushed without cessation to the end that protective devices may be developed that would prevent a repetition of past abuses of whatever nature.

How Japanese Pressure and Chinese Censorship Are Killing the Chinese Press

IN the issue of *The Review* for Oct. 19 there appeared an editorial discussion of the censorship situation in China wherein Prof. Hubert S. Liang of the School of Journalism of Yenching University told of the deplorable conditions now prevailing and urged that the censorship should either be made efficient or abolished entirely. Prof. Liang referred to several recent cases where the Chinese newspapers were not permitted to publish important news for periods ranging up to ten days and longer after the news had already appeared in the foreign newspapers in the port cities. One case referred to the detention of a high Chinese official within the Japanese Embassy compound in Peiping, an incident of far-reaching significance in that it was the first instance of Japan's asserted right to arrest and punish Chinese officials in North China who do not carry out the dictates of the Imperial Japanese army. No Chinese newspaper was permitted to print a line about this case despite the fact it received prominence in the foreign papers in China and also abroad. Another recent case was the Japanese ultimatum at Hankow compelling the Chinese authorities to dismiss the local garrison commander. The Japanese sent a half dozen gunboats to Hankow and threatened to bombard the Chinese city but the readers of the Chinese newspapers knew nothing about these stirring developments due to suppression of the news. The first knowledge that the people of Shanghai had of the incident was the receipt here of a brief message through a foreign news agency from Tokyo telling of the dispatch of Japanese warships to Hankow. The Japanese demands for the dismissal of Chinese officials at Hankow had been presented nearly three weeks prior to the publication of the news in Shanghai but had been suppressed by the censors.

Since the most important political and military developments in China, covering the period from the Japanese seizure of Manchuria in the fall of 1931 to the present have had to do with Japanese aggression, it is obvious that the chief inspiration behind the censorship is the Imperial Japanese Army which desires to keep its activities on the Continent shrouded in secrecy. One of Japan's latest demands concerning the suppression of all "anti-Japanese" activities is concerned with this important element of publicity and if the Nanking Government should consent to this it would result in the complete suppression not only of all publications regarded as antagonistic to Japanese aggression, but also would prevent the public utterance of any statement regarded as critical of Japanese policy.

There are few Chinese who realize the extent to which this Japanese-inspired Chinese censorship has already been established in this country. Last summer when Nanking was compelled to agree to the closing of all Kuomintang branches in Hopei, Chahar, and Suiyuan Provinces this carried with it the immediate closure of the *Kuomin Jih Pao* newspapers in all of the leading cities in these territories, including Kalgan, Peiping, Tientsin, Suiyuan-Kweihwa and Paotow. In many instances the *Kuomin* papers, being official organs of the Party, had become the leading papers of the cities where they were published, having circulations ranging from 5,000 to 8,000 depending on the size of the cities and towns where published. But they were suppressed, in accordance with the demands of the Japanese warlords and no other paper has been permitted to start up in their places. The situation in Shantung Province is almost as serious, although the Kuomintang party still functions in a limited manner. Several months ago a mob of Japanese reservists and rowdies in Tsingtao raided and smashed up the office of the Kuomintang paper in that city. The paper never resumed publication and recently the Kuomin paper in Tsinan, capital of the province, was discontinued as a result of Japanese objection to articles published in its columns. In some places new papers with outright pro-Japanese editorial policies have been started, edited nominally by some aged literati, but, one may be assured, with a Japanese loitering somewhere in the background, who pays the bills. The editors of two papers of this type, published within the Japanese concession at Tientsin, were murdered last summer by Chinese students. In some places such as Foochow in Fukien provinces the local paper,*Min Pao* entirely owned by Japanese, but published in the Chinese language, has become the leading newspaper in the port.

At Shanghai, the Japanese have not attempted, in recent years at least, to publish papers in the Chinese language, confining their activities to the English-language press where they control the policy of one daily and two periodicals, one a monthly and the other a weekly. But recently there have been rumors of negotiations for the purchase of a leading Chinese daily. Sometime ago the Japanese newspapers in Shanghai began publishing sections or supplements in the Chinese language. These Chinese sections were subsidized by the Manchukuo government through the medium of the Kwantung army's representative stationed in Shanghai. They generally specialize in news and editorials depicting the glories of the puppet state under Japanese army rule.

Considering the censorship situation generally over the entire country the Japanese have had admirable success in suppressing the publication of news unfavorable to themselves. The Japanese consulates maintain staffs of translators who watch the Chinese papers and magazines for articles and editorial comment regarded as detrimental to "Sino-Japanese friendship," and a protest to the local Chinese officials is usually sufficient to bring

an apology from the Chinese editor or, in the event the incident is serious, it may result in the editor's punishment. In the case of the editor of the *New Life Weekly* who was sent to prison for fourteen months for publishing an article entitled, "Gossip About Emperors," this article was passed over by the Japanese consulate in Shanghai as being of no consequence, but was picked up and exploited by the War Department in Tokyo, the generals taking advantage of the opportunity to lodge a full set of demands with the Nanking authorities, one including the abolition of the Kuomintang party at Shanghai on the ground that the party censor had seen and approved the publication of the objectionable article. In North China the censorship imposed on the Chinese newspapers by the Japanese military authorities acting through the Chinese officials has had a demoralizing effect. The *Ta Kung Pao*, once the outstanding liberal paper of the country, has greatly decreased in influence as a result of the censorship. But of most demoralizing effect on the Chinese editors in North China is the knowledge that the publication of any article to which the Japanese might raise objection, may result in immediate and direct action by gangs of Japanese ronin or rowdies who now hang about the Japanese sections of all Chinese cities, seemingly for this very purpose. No Chinese official would dare interfere with the actions of such a Japanese mob and by the time the Japanese consul could be notified and the Japanese consular police summoned to the scene, the damage wrought to the offending Chinese newspaper would be irreparable.

Recently there has been a tendency on the part of centain government officials to criticize the lethargic or "defeatist" attitude which seemingly prevails among the Chinese people on public questions. Shao Yuan-chung, a member of the Central Executive Committee of the Kuomintang Party, in a recent address at Nanking urged the people to awaken and regain confidence in their capabilities, "Our lack of self-confidence must be overcome and instead of giving way to defeatism, a plan must be devised for the regeneration of the nation." Mr. Chao then referred to a message which the late Dr. Sun Yat-sen once sent to the Chinese residing in America in which the late leader of the Kuomintang declared that China's worst enemy was the invisible one of "diffidence" of revolutionary comrades. Wang Ching-wei, chairman of the National Executive Yuan, in the course of an address broadcasted on the October 10 National Holiday also appealed to the Chinese people to "awake from their lethargy and inactivity.."

An obvious reason for this dangerous condition of lethargy and spirit of defeatism which prevails among the Chinese people is the censorship of the Chinese press. It is obvious that the Chinese people, when denied information regarding happenings affecting their livelihood, tend to lose interest in those developments regardless of their importance. But the situation is even worse when regarded from the standpoint of the newspaper proprietors and workers. When they are restricted and circumscribed in their work and prevented from using their natural abilities, they also lose interest in their work and become automatons of little value to themselves or to society. Now, in the face of the most serious crisis which has affected China in a century, when it becomes necessary for the national welfare that the people should be awakened, the most effective way of doing so would be to abolish the censorship immediately.

Japan Prepares for Action in North While Nanking Denies Demands Received!

THE Imperial Japanese Army initiated its "New China Policy" with an ultimatum or "warning" to the Chinese authorities in North China on October 29—only five days after Wang Ching-wei, chief civil officer of the Nanking Government had denied, for the second time, that any Japanese demands had been received. While Wang Ching-wei may have been technically correct when he issued his two declarations on Oct. 19 and 24 that no fresh Japanese demands had been received, he must have been aware that something serious was about to happen because the Japanese army, naval and diplomatic officials had just concluded their series of momentous conferences on China policy which started at Dairen and then continued down the China coast with further meetings at Peiping, Tientsin and Shanghai.

Rather too boastful it seemed, was the *Rengo* announcement of the Tientsin ultimatum to the effect that it was a "striking demonstration of the unity of views existing between the Foreign Office and the Army, in contrast with the former independent policies." Neutral readers are likely to assume from this statement that serious differences on Japanese policy toward China did exist, but that the recent conferences between Army, Navy and Foreign Office officials had resulted in unification of views—*on the Army's program.* However, the Imperial Army made one concession to the diplomatic officials: it permitted the Japanese Consul-General at Tientsin, Shigeru Kawagoe, to hand the "warning" to the Chinese authorities. But the Imperial Army also showed its hand for Major-General Hayao Tada, commander of the Japanese troops stationed in North China, also called on the same Chinese officials and explained to them the "position" of the Japanese army on the matters under discussion.

Of greatest significance in connection with the presentation of the new demands was the exposure for the first time of the text of the heretofore secret agreement signed by Gen. Ho Ying-chin, Nanking Minister of War and concurrently chairman of the Peiping Military

Council and Lieut.-Gen. Yoshijiro Umetsu, at that time (June, 1935) commander of the Japanese troops stationed in North China. This agreement, which Gen. Ho signed following the Japanese ultimatum of last summer, but which the Japanese now claim never has been carried out, includes the following conditions (*Rengo* from Tientsin, Oct. 29):

1—Abolition of the Kuomintang branch headquarters in Peiping and Tientsin and elsewhere in Hopei Province. *Note*—The agreement to abolish the Kuomintang party headquarters in Chahar and Suiyuan provinces was negotiated by the Japanese somewhat later with Gen. Sung Cheh-yuan, at that time garrison commander at Kalgan.

2—Elimination of all anti-Japanese and anti-Manchukuo organizations, including the "Blue Shirts."

3—Closure of the Peiping branch Political Council, previously headed by Gen. Huang Fu.

4—Removal of Gen. Yu Hsueh-chung chairman of the Hopei Provincial Government.

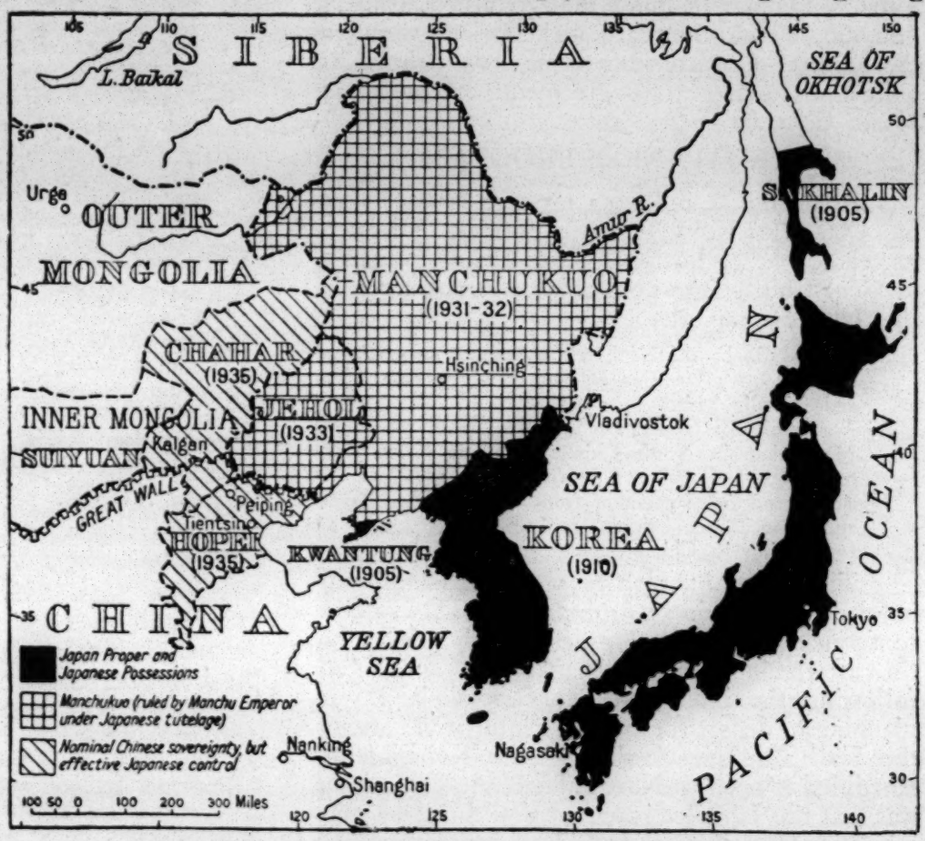
5—Transfer of all troops belonging to Marshal Chang Hsueh-liang from North China.

6—Abolition of all political training institutes previously maintained by the Kuomintang Party in North China.

7—Removal of a long list of minor Chinese officials in North China, including Chang Ting-gao, mayor of Tientsin.

The Imperial Japanese Army, with the Tokyo Foreign Office now nodding its assent, charged that China had not carried out this agreement and in addition charged that China had made little or no effort to settle the so-called Luanchow incident, involving the assassination of a Chinese army colonel and the wounding of a Japanese gendarme at one of the railway stations on the line running through the Demilitarized Zone between Tientsin and Shanghaikwan. Shortly following this incident the Japanese demanded an apology from Gen. Shang Chen, chairman of Hopei provincial government despite the face he has little or no authority within the zone. In addition the Japanese demanded the payment of compensation to the wounded Japanese gendarme and a guarantee against future incidents of this character. Then finally there was the most startling demand of all, which was made later following the Chinese action in arresting four Chinese allegedly responsible for the incident, *that the Chinese be handed over to the Imperial Japanese Army for punishment.* The *Rengo* report on Oct. 29, referring to this phase of the recent Japanese ultimatum stated that negotiations for the settlement of the Luanchow incident had now been instituted beween Gen. Shang Chen and Lieut.-Col. Tan Takahashi, assistant Japanese military attache stationed in Peiping. This report also stated that the four Chinese allegedy involved in the incident *had already been handed over to the Japanese military authorities.*

The latest Japanese "warning" regarding



THE SPREAD OF JAPAN'S INFLUENCE ON THE MAINLAND OF ASIA

—*Foreign Affairs, N. Y.*

China's alleged non-fulfillment of the Ho-Umetsu agreement of last June was handed to the following Chinese officials on Oct. 29: Gen. Shang Chen, chairman of Hopei province; Gen. Sung Cheh-yuan, former governor of Chahar and now commander of the Peiping-Tientsin garrison; Cheng Keh, mayor of Tientsin and Yuan Liang, mayor of Tientsin. The Japanese Consul-General, who presented the demands on behalf of the Japanese military authorities, charged that China had not complied with the terms of the Ho-Umetsu agreement; that anti-Japanese and anti-Manchukuo activities were continuing in the North; that China's suppression of these groups had been "luke warm," arousing Japan's suspicions that they were not sincere and that these organization were being secretly supported; therefore Japan demanded that China take prompt and decisive steps to put an end to various anti-Japanese and anti-Manchukuo organization in the North. Simultaneously, Major-General Tada, commander of the Japanese garrison, informed the same Chinese officials that Japan intended to put an end to the North China complications; that deep-seated intrigue and terrorism is being carried on

and that these developments are the result of "inadequate instructions from the Chinese central government at Nanking." Gen. Tada also declared that Japan could not overlook an attempt which China allegedly is now making to "sovietize" the Northern provinces as a means of checking Japan. "We fear for the future of the Orient, if matters are allowed to take their course," declared Gen. Tada. . . Having in mind the welfare of China's 400,000,000 and the peace of the Orient, we warn the Central Government to observe strictly its obligations under the agreement concluded in North China."

THE JAPANESE PROGRAM

According to a *Rengo* message from Tokyo on Oct. 28, Koki Hirota, Foreign Minister, presented the following "Three-Point" program to Gen. Chiang Tso-pin, Chinese Ambassador in the Japanese capital:

1—Positive aid by the Nanking Government to a scheme designed to place Sino-Japanese relations on a firm and friendly basis.
2—A formula for cooperation between China, Japan and Manchukuo in North China (including China's recognition of the puppet state).
3—A program for a common front among China, Japan and Manchukuo designed to prevent the spread of communism in China.

This program, plan or set of demands, was handed to the Chinese Ambassador in Tokyo at a conference held at the Japanese Foreign Office on the afternoon of Oct. 28. It was announced following the interview that Gen. Chiang was planning to depart for Nanking in order to attend the Sixth Plenary Session of the Kuomintang, scheduled to open on Nov. 1, hence the supposition was that the Japanese program would receive consideration at the meeting. The Japanese newspapers have repeatedly stated the expectation that Japan's program, particularly in North China, would receive serious consideration at the Kuomintang conference. In further reference to the Hirota proposals, *Rengo* announced in a later message on Oct. 28 that the Japanese military authorities in Manchukuo and North China would propose the conclusion of a definite anti-communist agreement to Gen. Chiang Kai-shek, chairman of the Chinese Military Affairs Commission and that simultaneously a definite plan of military cooperation would be presented to the Chinese military authorities in the North. The report concluded with the statement that should Gen. Chiang Kai-shek reject the Japanese proposal, the Japanese army "would terminate its efforts at cooperation with the Nanking Government." On Oct. 29, Gen. Yoshiyuki Kawashima, War Minister in the Japanese Cabinet, also urged the Chinese Ambassador, Chiang Tso-pin, to give "serious consideration" to the Japanese proposals for Sino-Japanese cooperation, the Japanese proposals listed in this report being simiilar to those noted in the foregoing. However, an inspection of the Tokyo newspapers several days previously disclosed more elaborate versions of the demands. A report by the leading news agency *Nippon Dempo* published in the *Japan Advertiser*, American paper in Tokyo, on Oct. 21 contained the following points which were embraced in Japan's program:

1—Because of geographical and racial circumstances, operation in Mongolia shall be left to the Kwantung Army. Japan and China must support Inner Mongolian leaders who are friendly toward Manchukuo.
2—In connection with economic development of North China, the political organization in that region must be reformed. Realization of this is the first aim of Japan's operations there.
3—The Nanking Government must abandon its policy of exploiting North China and help that area to develop itself with its own financial resources.
4—There is need for joint measures by Japan, Manchukuo and China to prevent the spread of Communist influence in China.
5—The Japanese and Chinese Governments should encourage the tendency of private groups to engage in Sino-Japanese economic co-operation.
6—Shanghai should be the base of Sino-Japanese economic operations, with an agency established there to take charge of them.
7—Close surveillance will have to be kept over the Nanking Government because of its pro-Soviet leaning and its policy of "befriending distant neighbors in order to antagonize near ones," despite its outward willingness to encourage Sino-Japanese economic co-operation. If it takes a wrong step, it must be corrected. Opportunity should be taken of the improvement of the situation in South China to promote still further improvement, though the recent anti-Japanese outbreak at Swatow showed that caution is still necessary.

The *Asahi Shimbun*, leading Tokyo newspaper, published a report referring to Japan's new program which repeated the three-point plan to the following effect:

1—Extermination of anti-Japanese activities in China and realization of positive Sino-Japanese economic co-operation.
2—While political and economic cooperation are being realized between Japan, China and Manchukuo, China will, through her own endeavors, guide various factors toward a "recognition" of Manchukuo.
3—Japan, Manchukuo and China will cooperate in preventing the sovietization of North China and Mongolia.

This report, which was published in Tokyo several days prior to Wang Ching-wei's denial that any fresh Japanese demands had been presented, alleged that General Chiang Kai-shek, following his arrival at Nanking on Oct. 14 had held numerous conferences with Wang Ching-wei, Huang Fu, Ho Ying-chin, Sun Fo and others on the matter of Japan's demands which had been telegraphed to Nanking by the Chinese Ambassador in Tokyo. The report in the *Asahi Shimbun* stated that China, in all probability, would agree in principle to Japan's various proposals "with the possible exception of the recognition of Manchukuo." Regarding this issue, it was stated that the Chinese Ambassador had told Hirota that Nanking would be unable to alter its non-recognition principles. It was stated, however, that Nanking would have no objection to "substantial cooperation with Manchukuo." A later *Rengo* dispatch from Nanking published in the same edition of the *Asahi Shimbun* stated that Wang Ching-wei had issued important instructions to Ambassador Chiang with regard to the Japanese program, but the contents of Wang's instructions were not disclosed.

THREE POINT PROGRAM IS THE MAIN OBJECTIVE

The presentation of the ultimatum or "warning" by the Imperial Japanese Army at Tientsin was not important in itself, but was designed for the purpose of compelling Nanking to agree to the so-called Three-Point Program or demands which Koki Hirota, Japanese Foreign Minister, handed to the Chinese Ambassador Chiang Tso-pin several days ago and the text of which Ambassador Chiang is now bringing to Nanking. The recent Japanese ultimatums served on the Chinese authorities in South China over the Swatow incident and also at Hankow, both involving threats of naval action were designed for the similar purpose of paving the way for the all-important presentation of the Three-Point Program to the National Government at Nanking. Simultaneously with the presentation of this program the local Japanese newspapers have been publishing reports recently alleging that Gen. Chiang Kai-shek and Gen. Chang Hsueh-liang had made a secret deal with the Red army in the Northwest for a joint attack on the Japanese army in Hopei province. In addition to the circulation of this propaganda here the *Nichi-Nichi* published a report in Tokyo on Oct. 20 alleging that the Nanking Government "was gradually turning toward the U. S. S. R.," and that an agreement designed to check Japan's advance in North China had been reached a month ago. This report alleged further that a conference had been held in Tashkent between Chinese and Soviet officials and that China had agreed to make important concessions in Sinkiang province to Russia in exchange for help against the Japanese in North China and Inner-Monoglia. The Japanese papers also alleged that China's failure to obtain a loan from Great Britain has also caused the Nanking government to "swing back toward Russia." The *Shanghai Mainichi* declared, "China will be perplexed a hundred years if the Chinese authorities adopt a policy designed to cooperate with the U. S. S. R., and in this regard check the expansion of Japanese influence."

JAPANESE ATTACK ON CHIANG

The attacks against Gen. Chiang Kai-shek which began last summer have steadily increased in virulence, reaching their apex in the pamphlet published by Major-General Hayao Tada which appears elsewhere in this issue of *The Review*. But of most significance, particularly from the standpoint of the welfare of Shanghai, have been the recent Japanese charges that Gen. Chiang Kai-shek recently has been concentrating troops and aircraft in the Shanghai-Hangchow-Nanking triangle with the object of offering military resistence to the Japanese. On Oct. 26 the *North China Star*, American paper in Tientsin, published a report alleging that Gen. Yu Hsueh-chung, former chairman of Hopei and garrison commander of the Tientsin-Peiping district had been instructed to lead his 51st Division of troops, now engaged in the anti-red campaign in Shensi, in a drive against Japan's positions in North China. It was claimed that General Chiang Kai-shek had decided to take this action in order to prevent the Japanese from putting over their scheme of creating an autonomous government in North China embracing the five provinces, Hopei, Shantung, Shansi, Chahar and Suiyuan. In addition to these reports regarding pending military activities in the North further reports were published locally to the effect that Gen. Chiang had massed some 150,000 troops in the Nanking-Hangchow-Shanghai triangle for the purpose of opposing Japan, the Chinese force also including 100 late model aircraft. A spokesman of the army headquarters at Nanking announced on Oct. 24 that while a considerable number of troops had been brought into this area in recent weeks it was only due to the return to their original stations of troops which previously had been engaged in the anti-red war in Kiangsi province and elsewhere in the interior.

Yen to Became Dictator of North China?

Gen. Yen Hsi-shan, pacification commissioner for Shansi is stated in a Tientsin dispatch to the Kokutsu News Agency to have made a secret agreement in Nanking recently, under the terms of which General Yen will be appointed as pacification commissioner of Hopei with headquarters at Paoting-fu. The pact further allegedly stipulates the abolition of the Peiping Branch Military Council. Gen. Yen would also be given control of the military forces in Hopei, Shantung, Chahar, Suiyuan and Shansi as well powers to make diplomatic negotiations in questions affecting five provinces, according to the said Manchukuo news service.

The report further alleged that Gen. Yen had received $6,000,000 as "travelling expenses" for his visit to Nanking and was promized $700,000 a month from Nov. 1 for military funds in Shansi and Suiyuan by Gen. Chiang Kai-shek.

The Generalissimo is also said to have agreed to present a law providing for the gradual application in the five northern provinces of Gen. Yen's plan for the public ownership of land to the Fifth Congress of the Kuomintang if the measure is passed at the Plenary Meeting of the C.E.C. The net result of the agreement is that General Yen Hsi-shan will become the virtual dictator of North China. Another Tientsin dispatch stated that Gen. Feng Yu Hsiang, the "Christian General," would not proceed to Nanking.

Japanese Army Says Kuomintang Is Responsible for Colonel Liu's Murder

The headquarters of the Japanese forces in North China issued a strongly worded statement to the Kuomintang and the Peiping Branch Military Council charging them with responsibility for the assassination of a Chinese colonel and the wounding of a Japanese gendarme at Luanchow on Aug. 4. The actual murder, according to the statement, was committed by members of the Peiping "Grenade Squad" of the "C. & C. Society." The "C. & C," the Army asserts, stands for the names of the organization's leaders, Chen Li-fu and Chen Ko-fu.

"It is a matter of serious attention," the statement declared, "that the Grenade Squad was acting under instructions from the Peiping Branch Military Council, in direct violation of the Tangku Truce Agreement, the Ho-Umetsu understanding and the spirit of the Boxer Protocol. The Japanese Army cannot overlook this action."

An examination of one Liu Chentsai, who was arrested on Aug. 5, has shown, the statement further charged, that the assassination of Col. Liu Tso-chiu, Commander of the Third Preservation Corps in the demilitarized zone, was a part of the Kuomintang's anti-Japanese and anti-Manchukuo plan of activities.

The culprit's examination has also shown, according to the statement, that the "Grenade Squad" specialized in assassinating Japanese soldiers and pro-Japanese elements.

Japan Replies to London Naval Bid

Nippon's acceptance of the British invitation to take part in the naval disarmament conference on Dec. 2 was cabled to London Oct. 29. The reply expressed Japan's desire for a naval disarmament agreement concluded on a "fair and equitable" basis, but suggested that the arrival of the Japanese delegation in London may be delayed because of the time required for preparations and the trip to England.

Japanese Ronin Participate in "Autonomy" Riots in Demilitarized Zone

THE situation in Hsiangho, where the farmers early last week staged a revolt, seized the city, overthrew the district government, and established an autonomous administration under a magistrate whom they themselves elected, had eased somewhat by the beginning of this week. A Tientsin message dated October 28 to the *Shun Pao* stated that the Hsiangho incident had come to an end as a result of the negotiations between Chang Chin-yu, director of the First Peace Proservation Corps and Wu Chen-yi, leader of the rebels. It was said that the rebels had come to an amicable agreement because of failure on the part of people of their districts to start similar revolts, as promised and because of instructions received from a "certain party." However, the rebels demanded that the authorities accept the peasants' demand not to increase the surcharge on land tax, that no action will be taken by th authorities to punish those responsible for the incident and that compensation be paid for the peasants killed during the fighting. These demands have already been accepted by the Chinese authorities according to the report and Liu Yueh-tung, magistrate of the district, who had been detained by rebels has been released and will be reinstated as magistrate of the district. Gen. Shang Chen, chairman of the Hopei Provincial Government, recalled the troops whom he had instructed to restore order, following a Japanese military observation that Hsiangho is in the Demilitarized Zone and that, subject to the terms of the Zone accord, only *pao-an-tui* (peace preservation forces) may be used by the Chinese authorities. Accordingly (as the Peiping correspondent of the *North China Daily News* pointed out) the latter are helpless, under such circumsstances, to deal with the situation in the city, which is only 35 miles east of Peiping; so Gen. Shang deemed it expedient proceed to Tientsin to confer with the Japanese military officials.

Elimination of unrest in Hopei is impossible unless the existing political system is radically reformed, Lieut.-Col. T. Takahashi, Japanese Assistant Military Attache, stated in Peiping, Oct. 25 upon his return there from Shanghai, where he attended a conference of military, naval and diplomatic officials, convoked to discuss Sino-Japanese relations. "The current north China difficulties will be settled naturally if the Nanking Government amends its attitude towards Japan, abandoning its past erroneous policies." He stated that the Central Government was obtaining a "clearer understanding of the special situation in north China."

Col. Takahashi added that the trouble should be settled by pacific means, but a settlement is impossible without fundamental reforms in the political organization. The use of armed force in suppressing the opposition to high taxes would in no way contribute to a settlement of the question, Col. Takahashi went on. The Nanking Government is imposing a heavy burden on the shoulders of the people of north China by making the local government defray the heavy civil and military expenditures of the district, he concluded.

Counsellor of Hopei Province Detained by Rioters

The situation in Hsiangho assumed grave proportions Oct. 24 when Liu Yao-tung, Counsellor of the Hopei Provincial Government, who was despatched to conduct an investigation and to act as magistrate, was detained by the rioters and some of his retinue killed. A member of Mr. Liu's guard, who escaped from the town by scaling down the city wall, reported that Mr. Liu was being kept bound and that another member of his guard had been killed by an agrarian leader during a dispute in a restaurant on the night of Mr. Liu's arrival in Hsiangho. The gates of the city were thereupon closed and all communications suspended. A company of the 2nd Battalion of the 52nd Army, despatched by Gen. Sheng Chen, is encamped outside the city walls.

A Japanese military airplane circled over Hsiangho Oct. 26 for reconnoitering purposes. An Hou-Chai has vacated the post of "magistrate" in favor of Chao Hsing-wu, another of the ringleaders of the uprising. The west gate of the city was opened Oct. 26. The shops, which were compelled to open the previous morning, closed their doors in the afternoon.

A meeting of officials to devise additional measures for the maintenance of peace and order in Tientsin was convened Oct. 26 by General Shang Chen, Chairman of the Hopei Provincial Government and concurrently Peace Preservation Commander for the Tientsin-Tangku Area. It was decided that a Military and Police Inspection Bureau be organized to reinforce the police units in the city. Two armored cars of the Tientsin Municipal Bureau of Public Safety are patrolling the main thoroughfares.

Liu Yao-tung Unable to Take Up Duties

Branding them as "absolutely unfounded," General Shang Chen denied that disturbances had occurred at Changping, Wutsing and Sanho. Referring to the Hsiangho uprising, the provincial chairman stated that Liu Yao-tung had been unable to take up his duties owing to prevailing circumstances. Should the rioters persist in refusing to hand over the administration to Mr. Liu, however, the Provincial Government, he said, was determined to take such steps as it deems appropriate, so as to maintain peace and order in the district. Instructions to seek a fundamental solution of the discontent in north China, instead of seeking a local settlement of the Hsiangho trouble, were despatched to Gen. Shang Chen by the Nanking Goverment Oct. 21.

The Central authorities are said to have ordered Gen. Shang to collaborate with the Japanese forces in north China in the disposal of the question. The Japanese military authorities refused to define their attitude, stating that, though they are in a certain measure contented with Gen. Shang's administration in Hopei, they believe him ill-advised.

General Shang Chen Oct. 28 reached an agreement with General Tada, commander of the Japanese garrison in North China, for a settlement of the Hsiangho affair. General Tada was reported to have agreed to use his influence to secure the withdrawal from Hsiangho, which was still in the hands of the farmers who took possession of it some days previously, of the Japanese ronin who participated in the uprising. Some of these ronin are still very active despite the arrest of six of them last week. General Shang Chen is stated to have agreed to give the insurgents a fresh start provided they agreed to hand over the city to the proper authorities, after which he would station men of the Peace Preservation Corps of the Demilitarized Zone in Hsiangho.

As a measure of effecting an amicable settlement of the riotous incident at Hsiangho, the *Central News* stated that General Tada, in the course of a dinner given by him at Tientsin Oct. 27 in honor of General Shang, had expressed the assurance that the Japanese military would not render any assistance to the agitators.

Japanese participation in the farmer riots at Hsiangho hsien early this week was denied by a spokesman for the Japanese assistant military attache's office in Peiping Oct. 23. The six Japanese men, who were taken into custody by the Japanese detachment of 20 Japanese soldiers led by Lieut. Kanji Ohki at the scene of the riot the previous day, were (according to *Rengo*) subjected to a lengthy and thorough examination at the Japanese Embassy guard offices, but were cleared of all connection and released.

Gen. Shang Chen Orders Taxes to Be Lowered

Instructions to lower taxes were issued Oct. 28, by Gen. Shang Chen to the magistrates of all hsien in the province. This step was taken despite the fact that in previous pronouncements General Shang had stated that there had been neither any new taxes nor any increase in same, and besides, that all money collected was used for local purposes. The Demilitarized Zone has become a popular refuge for Chinese officials of the old regime and it is suspected that the recent disturbances have been fomented by them in collusion with Japanese ronin, so as to discredit the National Government's officials. Wu I-ting, leader of the Hsiangho malcontents, announced that he would yield to the provincial government if the latter would take effective steps to improve local administration. He also expressed his consent for the appointment of Liu Yao-tung, counsellor of the Hopei Provincial Government, as district magistrate.

Japanese Merchant Said Attacked in Honan

An alleged attack upon a Japanese merchant travelling in Honan Province was brought to the attention of the Nanking Government and Gen. Liu Chih, Chairman of the Honan Provincial Government, by Shigeru Kawagoe, Japanese Consul-General in Tientsin Oct. 23. The merchant, who was travelling in the northern part of the province accompanied by an interpreter, was set upon by Chinese officials and brutally assaulted, according to a complaint filed by him with Mr. Kawagoe. The attack reportedly took place in Sinsiang, 50 miles north of Chengchow.

Banditry Rife in Honan, Peiping Hears

Large bandit groups, some of them allegedly deeply tinged with Communistic ideas, are said to be on the move in northern Honan province and threatening traffic on the Lunghai and Peiping-Hankow railway lines. One band was reported to be based upon Shiuwu, about 25 miles northwest of Chengchow near the Shansi border. Tsechow in southeastern Shansi was said to be their objective, causing Gen. Yen Hsi-shan, pacification commissioner for the province, serious concern, according to dispatches reaching here. Their strength could not be learned.

Another group, estimated at 50,000, was reported to be straddling the Lunghai and the Peiping-Hankow Lines. Their bases were given as Luanfeng, 15 miles east of Kaifeng on the Lunghai Railway, and Changteh, 100 miles north on Peiping-Hankow Railway close to the Hopei border.

London Believes Japanese Are Fomenting North China Troubles

New Japanese military operations in North China are feared in London political quarters in view of the ever-growing interest shown by the Tokyo Cabinet for the autonomist movement in the region. No doubt seems to exist in London, according to *Harat*, as to the part played by Japan in supporting the movement, seeing that North China is both of great commercial and strategical interest to the Japanese. Five Chinese provinces, viz: Chahar, Chihli, Suiyuan, Shansi and Shantung, are generally expected to be involved in the attempt of dividing China in two parts.

On the other hand, it is being pointed out in London that the Japanese penetration of the region of Inner Mongolia, bordering on Manchukuo, under the form of medical institutions and broadcasting stations, already shows the direction which will be followed by the Japanese army. At the same time, Japan's troops would advance in the southern direction toward Kalgan, a city regarded of utmost strategical importance in case of hostilities between Japan and U.S.S.R. The Peiping-Kalgan-Paotuchen railway would then become the principal line of communication of the advancing Japanese forces.

It is generally admitted in London that Soviet interests in that region and chiefly in Kalgan might become threatened and perhaps cause the outbreak of a Russo-Japanese conflict.

As for Great Britain's interest in these provinces, they are not considered of sufficient importance to warrant an intervention on the part of the British Government. England is, however, determined to keep a close watch on the developments of Japan's policy in regard to the question of North China autonomy.

An Army spokesman in Tokyo Oct. 4 said that although the movement was described as agrarian, it was not sponsored by persants but by "hired tramps". He expressed fears that Chinese politicians and generals out of power would utilize the trouble to promote their private interests. This contrasted with the fact that when Japanese gendarmes went to Hsiangho they found five Japanese and one Korean in the Chinese crowd besieging the magistrate's yamen.

Nanking Sanctions Grant of $80,000 for Child Welfare

The National Government Oct. 24 officially sanctioned the appropriation of a grant of $80,000 for the National Child Welfare Association of China, which is to be drawn from the Second Reserve Fund of the National Budget for the current fiscal year (July, 1935-June, 1936). An order to this effect was issued to the Executive and Control Yuans.

Mongols Angered by Gruff Ultimatum from Manchukuo

Relations between the Soviet Union and Japan were again at the straining-point this week as the result of the negotiation between Manchukuo and Mongolia regarding general relations having broken down. A Government news agency dispatch from Ulan Bator Hoto (Urga) said that Mongolia had rejected an ultimatum by Manchukuo, demanding acceptance of a commission including three Manchuokuo representatives, as an agency to settle the border disputes between the two countries.

Inasmuch as Mongolia and Manchukuo are virtually dependencies of the Soviet Union and Japan, respectively, it is assumed in Moscow (according to the *United Press* that the situation will eventually have to be referred to Moscow and Tokyo. Soviet officials insist that the border commission proposal is part of a general plan for Manchukuo-Japanese penetration of Mongolia, designed to seize control of the rich Mongol trade in livestock, furs and wool.

Official telegrams received in Moscow said that the Mongolian authorities were "amazed at Manchukuo's attitude, which cannot aid in the negotiations for a settlement of differences, and is likely to strain relations dangerously."

It was believed in Moscow that the north China tax rebellion has influenced the situation, inasmuch as the reopening of the old caravan route from Kalgan to Ulan Bator Hoto would strengthen the economic position of any autonomous north China state.

Soviet officials fear that Japan will take advantage of the present focussing of world attention on Ethiopia, and the British fleet concentration in the Mediterranean, to round out her Asiatic economic empire by adding Mongolia to Japanese territory.

In a statement handed to the Manchoukuo delegation, the Mongolian delegates are reported to have stated, inter alia:—

"The Mongolian Government greatly regrets that . . . Manchoukuo again resorts to ultimate methods in conducting the negotiations, which cannot contribute to a friendly solution of the questions and which unnecessarily aggravate relations between the two parties.

"Mongolia cannot but express its surprise that the Manchurian party demands the acceptance, in the form of an ultimatum, of its proposals. The Mongolian Government expresses the hope that Manchukuo will abandon its unbusinesslike ultimate way of putting the question and will properly consider and appraise the businesslike advantage and conveniences of the Mongolian proposal."

Japanese Consular Officials Entertained by Commissioner of Foreign Affairs in Peiping

Concluding their brief visit to Kalgan, Goro Morishima, chief of the first section of the Bureau of Asiatic Affairs of the Tokyo Foreign Office, Koichi Nishida, Japanese Consul-General in Tientsin, and Ariyoshi Tajiri, acting consul-general in Tsingtao, returned to Peiping Oct. 29. Chen Hsi-keng, commissioner of foreign affairs in Peiping, was host to a tiffin party in honor of the Japanese diplomatic and consular officials now in the old capital. Prominent among those presenrt were Mr. Morishima, Mr. Suma, Consul-General in Nanking, Mr. Wakasugi, councillor in charge of the Peiping office of the Japanese Embassy, and Mr. Horiuchi, first secretary residing in Shanghai and others.

"Hopei Self-Governing Movement" as Viewed in Japan

The Tokyo *Yomiuri* October 22 printed a dispatch from Tientsin stating that the representatives of the various districts in Hopei Province, crying "Hopei the Natives of Hopei," recently held a meeting at which they announced a self-governing proclamation with Hopei's severance of relations with Nanking and prevention of sovietization as the slogan. Circulars of this message were distributed widely to make the movement popular. The dispatch went on to say that such a strong popular movement had occurred for the first time in Hopei Province and that the self-governing movement now threatens to spread to all parts of Hopei.

A major uprising of 6,000 faramers was reported from Taming, on the southern tip of Hopei, close to the Honan and Shantung Provincial borders. Other unconfirmed reports said that 3,000 Red Spears from Weihsien, Honan, and other bands from Shantung were already on a march to Taming. The reports added that troops belonging to the 119th Division under Gen. Sun Tek-chuan had been dispatched to the scene of the uprising.

Britain Will Not Blockade Italy Unless U. S., Germany and Japan Join

THE war in Northeast Africa still drags on, but with the main interest, for the moment so far as the British are concerned, centering on the outcome of the Parliamentarian elections which commenced on Oct. 28. The position of the British Laborites generally is that the Baldwin Goverment is showing too much zeal in support of the League of Nations. Premier Baldwin has declared that no blockade of Italy is to follow the imposition of sanctions unless the United States, Germany and Japan join—and of this contingency there is very little possibility. The political situation in Germany has remained fairly quiet of late, doubtless due to the fact that the economic position has been much improved as a result of huge orders for materials from Italy. The present indications are that Italy, when the full force of the League sanctions being imposed by the League takes effect, will turn to Germany for its supplies, and there is no indication whatever that Germany will refuse to execute them. Japan likewise has not shown any hesitancy in excecuting any orders that Italy may send her way. As regards China, she has not replied to the section in the communication from the League of Nations concerning the application of economic sanctions against Italy which deals with ordinary exports and imports between the two countries. This means that China may be drawn on by Italy for a large range of supplies which in the last analysis may be used for war purposes. In the absence of a blockade of Italy by the League, of which there are so far no signs, both China and Japan can ship their commodities to Italy without hindrance. In the meantime the Italians continue to bomb various cities in Ethiopia. The city of Sans Baneh was bombed Oct. 28, as a prelude for further advances of Somaliland troops, who keep pegging away despite continuous falls of rain, somewhat unusual in that region at this time of the year. The Italians made a gesture of withdrawing some of their troops from Libya, but the move did not have any repercussions on the British side. The British withdraw one large warship from the Mediterranean merely to replace it with another. The Italians, it was reported, will ask for the internationalization of Gibraltar at the forthcoming Naval Conference in London. Such a request, if made, would probably receive support in certain other quarters.

Japan Receives Note From Sanctions Body—Is Non-Committal

A request for information on measures contemplated by Japan against Italy or any other matter connected with the enforcement of sanctions was received from the Committee on Sanctions of the League of Nations Oct. 23. Commenting on the memorandum, Gaimusho officials said that Japan's fundamental attitude towards the League was clear and called for no explanations. Japan, they added, had no obligation to co-operate with the League in enforcing sanctions. The communication, they said, did not ask for the imposition of sanctions, but merely called for information. Therefore, they concluded, Japan will merely acknowledge the communication.

China Replies to League But Not to Section Regarding Trade

China's reply to the communication from the League of Nations concerning the application of economic sanctions against Italy only concerned the sections concerning the exports of arms to Italy and financial assistance. She will enforce both these sections. China, however, did not reply to the section concerning ordinary imports and exports between China and Italy.

Hongkong Bans Recruiting of Labor for African War

The Government of Hongkong has prohibited the recruitment of labor for either of the belligerents in the present conflict in East Africa. An order to this effect was published in the *Government Gazette* Oct. 26 following various reports that attempts were being made to recruit Chinese labor for Abyssinia. The ban applies to all territory within the jurisdiction of the Colonial government.

New Submarine Launched in Osaka

The *Kasagi*, a 28-knot submarine, was launched at the Osaka Iron Works dockyards Oct. 28. The new addition to the Japanese Navy displaces 595 tons, is 80.15 meters long and 7.88 meters wide. Its armament includes three 12-centimeter guns and three torpedo tubes.

Admiral Nagano Will Head Japan's Delegates to Naval Talks in London

Admiral Oaami Nagano, member of the Supreme War Council, and Naotake Sato, Japanese Ambassador to France, were informally selected Oct. 26 to head the Japanese delegation to the London naval disarmament conference, opening on December 2. The formal decision was made at the regular semi-weekly meeting of the Cabinet Oct. 29. The selection of the two officials was made jointly by the Navy and Foreign offices.

Radek on French Proposal for "Compromise"

Analyzing the negotiations being carried on concerning the Italian-Abyssinian war, Karl Radek, writing in *Izvestia* points out that the French proposal for a "compromise" now has little chance of success, for at this stage the progress of events has led to a great cooling off of Anglo-French relations and to the strengthening of tendencies of Great Britain which might prove dangerous to the cause of the organization of peace.

British and French Papers Banned in Italy—Public Opinion Controlled

According to telegrams from Europe appearing in Japanese newspapers, British newspapers are being banned from being imported into Italy. Some of the newspapers of France and other European countries which have anti-Italian tendencies are being banned for importation and domestic circulation. Public opinion in Italy is literally being controlled.

The spectacle of Fascism's becoming more and more anti-Capitalistic as the result of the forthcoming application of sanctions against Italy was predicted in Rome October 29 by well-informed observers. Various state monopolies, such as those over the copper, tin, nickel and fuel industries have already been created, it was pointed out.

Two Japanese Civilians Shot and Robbed Near Tangshan

Two Japanese were held up and wounded Oct. 8 near Tangshan, Hopei, by a gang of Chinese bandits with drawn pistols, and robbed of Yen 1,000 in cash, a *Rengo* message from Tientsin Oct. 15 to the *Japan Advertiser* stated. The victims were Messrs. Satajiro Makino and Taro Otaki of the Ebaragumi, a Japanese construction firm, now engaged at Lowenku on the Jehol-Hopei border. They were on their way to Tangshan to purchase building materials. A joint Japan-Manchukuo punitive force was dispatched to the scene.

British Authorities Protest Seizure of Land by Japanese at Tangpu

British consular authorities in Tientsin Oct. 25 filed a protest with the Japanese Consulate-General against the alleged seizure by Japanese military authorities of a waterfront lot at Tangku said to be owned by Britons. This claim is contested by the Japanese Army which claims ownership of the area by virtue of conquest during the Boxer rebellion in 1900. Major G. A. Herbert, British superintendent consul, who went to Tangku to investigate the case, says he was ejected from the property by the Japanese soldiers who are constructing a refrigeration plant on the lot. According to British records, C. P. Morling, who is now in England, and R. A. Whitamore, also a Briton, acquired title deeds to the land in 1902.

Chinese Dollar Drops—Devaluation Believed Imminent

A SHARP decline in the value of the Chinese dollar has taken place during the past few weeks, in common with a general drop in the value of silver throughout the world. There are persistent rumors that devaluation (or call it what you will), of the Chinese dollar is imminent, and so far there has been no denial from the Ministry of Finance. That such a step will eventually have to be taken is almost a foregone conclusion. The Chinese dollar, owing to the high export duty and control of exchange, is already far below the actual value of the silver it is supposed to represent, and the inevitable result has been wholesale smuggling, mostly by way of North China, Dairen and Japan. Many of the foreign banks in Shanghai have had their reserves of silver very much depleted in recent months, most of them having shipped out silver just before the restrictions on export were put into effect. Most of them were able to make several per cent profit by their export operations, but the move in the end has proven most unprofitable, as they would have to pay a very handsome premium if they desired to get the silver back to China again. In due course the point will doubtless be reached when all banks, Chinese and foreign, will refuse to pay out silver dollars in exchange for paper. When that time comes China will merely have reached the same stage that more than a score of other countries throughout the world reached several years ago. Shanghai has always seen hectic gambling in gold bars, but excitement reached its zenith end of last week when it was reported that devaluation of the dollar was imminent. Gold bars, which stood at about 930 Oct. 17 had reached 1128 during the fore part of the week. They had gone as high as 1143 on Oct. 26. All foreign currencies in terms of the Chinese dollar are much higher than they were until about a fortnight ago. Japanese yen, which stood at about 73 Chinese cents two months ago, are now around 87 cents.

Japanese Banker Predicts Devaluation of Chinese Dollar

In an interview with the press, S. Yoshida, the President of the Shanghai Branch office of Mitsubishi, declared that under dresent conditions in Shanghai, inflation in China is inevitable.

"The Chinese authorities will have to inflate the currency this year because all the Chinese banks are facing financial difficulties. It is advisable for the Chinese Government to adopt a policy of inflation, rather than to devalue the Chinese dollar, which would be too sudden a blow for the people. It will be very difficult for the Chinese Government and the Central Bank to fix a new parity for Chinese currency, when it is devalued by 35 per cent."

Bankers in Tokyo expressed the opinion Oct. 24 that Nanking would not devaluate the currency; they said that such a move would be detrimental to Japan's export trade and deal a severe blow to Sino-Japanese commercial relations. Although other countries would be equally affected with Japan by the currency devaluation, a prominent financial expert told *Rengo*, yet at the same time, such a move would be welcomed by foreign enterprises in China.

Japanese Smuggle More Rice to Swatow

More than 7,000 bags of rice and beans have been smuggled into Swatow during two days by Japanese merchants in order to evade taxation, according to a report received in Canton and tramsmitted from there by *Kuo Min* Oct. 25. The Provincial Department of Finance dispatched a company of revenue guards to Swatow to assist the local authorities in anti-smuggling work.

Radiophone to Japan to Be Inaugurated on February 15

The technical arrangements for carrying on radiophone communication between China and various foreign countries are now complete and the only thing that holds up the inauguration of the service is the fact that the incidental political agreements have not yet been perfected, according to Y. C. Wen of the Bureau of International Telegraphs. Arrangements have, however, been completed with Japan and this service will open Feb. 15. It is hoped to have the necessary agreements with certain other countries also completed in the meantime so that said services may also be opened about the same time.

The *Tokyo Asahi* of October 22 said the negotiations which had been in progress between Japan and China for some time regarding inauguration of a wireless telephone service had materialized the previous day. The Tokyo Ministry of Communications officially announced that the wireless telephone service between the two cities of Tokyo and Shanghai would begin February 15, 1936. The charge for a 3-minute call between Tokyo and Shanghai has been fixed at fifteen yen (fifteen dollars from this end).

Huge Gold Deposits Found in Kiangsi

Huge veins of gold and silver are reported to have been discovered on Fengting Shan (mountain) in the Wantsai district, 120 miles west of Nanchang, the provincial capital of Kiangsi. It is estimated that there are more then 1,000,000 tons of deposits of the precious metals, the exploitation of which will last for a period of 60 years. A quantity of crystals has already been found on the surface. Heretofore, Wantsai has only been famous for production of the lowly, though useful, grass cloth (ramie).

China Merchants's Officials Withdraw Resignations

The members of the Board of Directors and Board of Supervisors of the China Merchants Steam Navigation Company have withdrawn their resignations, it is learnt at the Ministry of Communications.

Factory to Manufacture Chinese Drugs

Plans are being formulated by the National Medical Institute for the establishment of a factory for the manufacture of drugs from Chinese herbs, in Nanking, Oct. 28. Chiao Yi-tang, president of the Supreme Court and of the National Medical Institute, has invited a famous Chinese pharmacist from Yunnan to Nanking to prepare Chinese drugs for the benefit of the sick.

Business Is Facilitated by Government Loan Policy

Another step towards fostering the development of domestic industry and commerce and helping to maintain the livelihood of the people has been taken by the Committee for Commercial and Industrial Relief loans in Shanghai, which has been organized by the Ministry of Finance to take charge of the $20 million treasury bills appropriated by the Government to serve as collateral security for loans made by banks to merchants.

The Committee has drawn up a set of measures for the acceptance and discounting of commercial bills. After examination by the Shanghai Native Banker's Guild, the Shanghai Bankers' Association, and the Central Bank of China, these measures will be submitted to the Ministry of Finance for approval and enforcement.

According to these measures, $3 millions are to be set aside especially for the acceptance and discounting of bills, these loans being issued with the treasury bills of the Government as collateral security. Merchants may hypothecate goods stored in warehouses and issue a bill drawn upon any of the banks, approved by the Committee, for acceptance. Also, merchants who are in possession of bills issued to them by customers may likewise apply to a bank, approved by the Committee, for the discounting of the draft. These measures will come into force on the date of approval by the Ministry of Finance.

Train Ferry to Connect Hankow and Wuchang

The Ministry of Railways has definitely decided to institute train ferry service between Hankow and Wuchang across the Yangtsze River, in order to facilitate through communication between the Peiping-Hankow and Canton-Hankow Railways.

Train Service Between Hofei and Chaohsien to Open Nov. 1

Train service on the middle section of the Huainan Railway between Hofei and Chaohsien, on the northern shore of the Chao Lake in central Anhwei, will be officially opened to traffic on Nov. 1, it was announced by the National Reconstruction Commission on Oct. 26. Through communications with the shipping services plying between Chaohsien and Wuhu will also be instituted for the convenience of transportation.

Four Locomotives Arrive at Wuhu for Kiangnan Railway

A consignment of four locomotives, purchased by the Kiangnan Railway Company from Europe, arrived in Wuhu Oct. 23. With the arrival of the new rolling-stock, train service on the Nanking-Wuhu section of the Kiangnan Railway (Nanking-Chaoan) Railway will be augmented on November 1.

Japanese Troops to Hold Maneuvers in Tientsin and Peiping

The Japanese military authorities have decided to hold autumn maneuvers in the Tientsin-Peiping area from November 4 to 7, it was learned from official circles in Peiping, Oct. 28. The districts where the maneuvers will take place include Nanyuan, Fengtai, Changhsintien, Lianghsiang, Huangtsun, Wanchuang and Chunliangchen on the Peiping-Liaoning Line.

The Peiping Municipal Government was stated to have heen notified by the Japanese authorites to this effect.

From Nov. 4 to 6, the maneuvers will be held at Nanyuan Fengtai, Changhsintien, Lianghsiang, Huangchun, and Wanchwang. During the period of the maneuvers, it is learned, the Japanese forces will pitch camp at Huangchun and Lianghsiang. On Nov. 7 the Japanese forces will move to Chunliangcheng, the next station from Tangku on the Peiping-liaoning Railway where more sham battles will be staged.

Japanese Allegedly Wish to Seize Coal Mines in North China

The *China Times* October 29 published a dispatch from Tokyo that the Japanese are determined to seize full control of all the Chinese coal mines in North China.

With the forcible occupation of the Liukiang Coal Mine, it is estimated that the Japanese will produce more than 300,000 tons of coal there every year. At the same time, the Japanese are opening the Linyu, Great Wall, and Yu Lin coal mines.

Japanese trading companies and steamship companies have obtained the right to transport and sell Chinese coal from these mines. It is generally believed in Tokyo that the materialization of this plan indicates the completion of the first stage of the so-called Sino-Japanese Economic cooperation.

Kailan Mining Administration to Push Sales in Manchuria

In spite of the drastic retrenchment measures carried out by the Kailan Mining Administration, no less than 20,000 tons of coal are now stored in the five mines of the company without an immediate market. The Company is now trying to push the sales of its coal in Manchuria.

Chinghsing Mines Prosperous After Reorganization

As a result of reorganization by the Hopei Provincial Department of Reconstruction, the annual output of coal at the Chinghsing Mines in western Hopei now totals 8 million tons. The annual receipts amount to $5,000,000 and the expenditure $4,000,000, yielding a net profit of one million dollars.

Japanese Oil Makes Headway in Shantung

Japan's exportation of petroleum to the Shautung area has recently grown marked, according to the report received at the Osaka prefectural trade museum from Tsingtao under date of October 22.

The report stated that the Standard (American), Texas (American), Asia (British) oil companies, whose shipments to Tsingtao annually amount to 1,500,000 cases or 19,500,000 yuan, have maintained a joint line of defense against encroachment on the sales area around Shantung they had built up after long years by other companies, but between October, 1934 and April, 1935 Japan shipped about 60,000 cases and during this fiscal year beginning May more than 80,000 cases, causing apprehension in the sales departments of the three above-named companies.

Three Main Sources of China's Revenues Will Bring in $700,000,000

According to the Department of Revenues of the Ministry of Finance, the estimated revenues from Customs for the fiscal year of 1935-1936 amout to $350,000,000; from Salt $180,000,000; and consolidated taxes $110,000,000. The total estimated revenues from the three major sources is less than $700,000,000. The revenues from other taxes are estimated to be less than $10,000,000.

However, expenditures, amounting to more than $300,000,000 have to be paid for military purposes, which is the largest item of expenditure. Loan obligations come next, being 38 per cent of the total expenditures.

Canton-Hankow Railway to Be Ready for Traffic Next October

The Canton-Hankow Railway, construction of which is now in full swing, is expected to be completed by next June at the latest, and will be formally opened to traffic some time next October. The new line, when completed, will serve as an important railway link between Central and South China.

F. J. Raven Is Declared a Bankrupt by U. S. Court for China

Frank Jay Raven, head of the defunct American-Oriental Bank and associated concerns, was declared a bankrupt in the United States Court for China Oct. 26 after his attorney, Richard T. Evans, had filed a petition for bankruptcy. Judge Milton J. Helmick announced that he would act as referee in the case pending the appointment of a trustee. In his petition to the court, Mr. Raven declared that he was forced to apply for bankruptcy because of debts which he is unable to pay in full. Because of his inability to pay, he stated that he is willing to surrender all his property for the benefit of creditors, except such property as is exempt by law. Mr. Raven listed his assets and liabilities. All the property owned by Mr. Raven, including the family pictures and the gardening tools of the estate on Hungjao Road, were placed on the list of assets and given a value.

The petition showed that Mr. Raven's personal indebtedness amounts to considerably more than a million dollars, while his assets, according to valuations attached to his petition for bankruptcy, filed last week with the clerk of the United States Court for China, is $266,967.71 local currency and U.S.$4,350.

His principal assets are his house and land on Hungjao Road, and these are mortgaged to the Asia Life Insurance Company and his attorney, M. Richard T. Evans. Asia Life holds a first mortgage for U.S. $25,000, while a second mortgage for $10,000 is held by Mr. Evans as security for payment of legal fees.

The list of assets also includes all furniture, farming tools and other items. The farming tools are given a valuation of U.S. $35. Besides banks and other creditors, Mr. Raven lists his tailor bill to MacBeth, Gray and Company, amounting to slightly more than $100, as among his debts.

The total uusecured claims amount to $476,613,84, while secured claims, according to the list, total U.S. $152,618.18, £1,219 and $193,435.76 local currency. The total liability is $680,049.62 local currency, U.S. $178,937.90 and £1,279.

Mr. Raven, called as a witness, in the bankruptcy proceedings Oct. 29 said that he had no assets other than those listed in his voluntary petition in bankruptcy, that he has no bank account anywhere in the world, that his wife has no property other than possibly U.S.$2,000 worth of clothing, jewelry and cash, that his three daughters possess no more than U.S.$1000 in cash and personal property, and that his son has no more than U.S.$500 in cash and personal property.

Mr. Raven's attorney, Richard T. Evans, told the court it had been impossible not to be ignorant of that fact that there was much talk around Shanghai to the effect Mr. Raven has either secreted assets or put them in the name of his wife or some other person. Therefore, he wished to deny emphatically these reports and to state further that so far as humanly possible all known assets had been included in the schedules.

Cross examination was conducted by Dr. George Sellett representing Frank L. Hough who as liquidator of the American-Oriental Banking Corporation, and allied concerns is Mr. Raven's principal creditor. It was brought out that the beneficiary of two Asia Life Insurance Company policies had been changed a few months ago from the Raven Trust Company to Mr. Raven. One of the policies is for Shanghai $10,000 and the other for U.S. $50,000. Mr. Raven explained that the policies were part of a trust fund being handled by the R.T.C. for his wife and the change had been made after the failure of his enterprises. He did not know whether the beneficiary had been given as the R.T.C. as trustee.

Judge Helmick Refuses Plea for Separate Receiver for Realty Investment Co.

Judge Milton J. Helmick in the U. S. Court for China Oct. 26 ruled against an application made by the Yangtze Insurance Association, Ltd., to secure the appointment of a separate Receiver to guard their interests, as trustees for the holders of $500,000 worth of debentures of the Realty Investment Company, Fed. Inc. U.S.A., in the forthcoming liquidation of the latter Company. Judge Helmick announced that the Court would appoint a General Receiver to handle the interests of all creditors, both secured and unsecured.

Application for the appointment of a Receiver to take charge of the affairs of the Realty Investment Company was made about two weeks ago by stockholders and creditors, who alleged that the Company was unable to meet its debts as they matured, notwithstanding the fact that its assets, at a fair valuation, exceeded liabilities, including a part of the outstanding capital stock. The Company itself concurred in the application and then the Yangtze Insurance Association, as Trustees for the debenture holders, intervened and asked the U.S. Court to appoint a separate receiver to administer certain real estate properties.

Japan Presents New Three-Point "Program" to China; Fresh Warning Served on North China Authorities

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Japanese War Minister Urges Gen. Chiang to Take "Serious View" of Hirota's 3-Point Program.**
2. **Resignation of Akira Ariyoshi as Ambassador to China Reported Probable by Japanese Paper.**
3. **Japanese Serve Fresh Warning on North China Chinese Authorities.**
4. **"Nippo" Reports Gen. Chiang Kai-shek Planning to Curb Japanese Influence in North China.**
5. **Nanking Foreign Office Spokesman Says New Demands by Japan Unlikely.**
6. **Nanking Denies Troop Concentration for Holding of Autumn Maneuvers.**
7. **Chinese Economic Mission Returns to Shanghai After Japan Visit.**
8. **Japanese Paper Reports Chinese Communists Being Split into Two Bodies.**
9. **Generals Chiang Kai-shek and Yen Hsi-shan Arrive at Nanking for C. E. C. Session.**
10. **Two Nanking Emissaries to Leave for South Shortly on Rapprochement Mission.**

China's attitude towards a three-point proposal aiming at a rapprochement with Japan was sounded by Koki Hirota, Foreign Minister, in his interview with General Chiang Tso-pin, Chinese Ambassador to Tokyo, on Oct. 28, according to a *Rengo* report.

The plan comprises:

1. Positive aid by the Nanking government to a scheme designed to place Sino-Japanese relations on a firm, friendly basis.

2. A formula for co-operation between China, Japan and "Manchukuo" in the development of North China.

3. A program for a common front among China, Japan and "Manchukuo" aiming at the prevention of the spread of communism.

Gen. Yoshiyuki Kawashima, Minister of War, urged Gen. Chiang Tso-pin to give "serious consideration" to the three point proposal for Sino-Japanese co-operation made to him by Foreign Minister Hirota. In their interview the Japanese War Chief stressed the need for a definite statement of attitude of the Nanking Government towards the plan of the Foreign Minister. Gen. Kawashima is understood to have stressed in particular the necessity for China's co-operation in the last two points of Mr. Hirota's proposal and asked Gen. Chiang to transmit his views to the officials in Nanking.

Gen. Chiang Tso-pin was received in audience by Emperor Hirohito at 11 a.m. Oct. 29. General Chiang left Japan for China on Oct. 30. Gen. Chiang conferred for one hour in the morning Oct. 26 with Korekiyo Takahahshi, Minister of Finance. Gen. Chiang is understood to have discussed questions relating to the promotion of better Sino-Japtnese economic relations with the financier.

Reports that the Japanese Foreign Office had made new proposals for Sino-Japaiese co-operation, including recognition of Manchukuo by China, were denied by the Foreign Office spokesman Oct. 23, according to a *United Press* message from Tokyo.

"I do not think that Mr. Hirota is pressing for recognition of Manchukuo, because he understands human psychology," the spokesman asserted. He added that the Foreign Office had not been informed of the moves of certain generals in north China, including Gen. Yen Hsi-shan, of Shansi, to establish an independent government in the north. Meanwhile, press reports in Tokyo indicate a feeling that the Nanking Government is highly suspicious of Gen. Yen's actions, in the fear that he may join a movement to secede from Nanking and establish a pro-Japanese government which would work harmoniously with Manchukuo.

RESIGNATION OF ARIYOSHI REPORTED PROBABLE BY JAPANESE PAPER

A wholesale change in Japanese diplomatic posts in China connected with the execution of the new Japanese policy toward Chint is expected at the end of November, according to reports printed in a recent issue of the *Tokyo Miyako*. Because of a need Foreign Minister Koki Hirota is said to feel for "re-enforcing" the diplomatic mission in China, and because of the alleged unpopularity of Ambassador Ariyoshi with a certain section of the army, Mr. Ariyoshi is expected to resign shortly and be succeeded by Hachiro Arita, present Ambassador to Belgium, the *Miyako* writes.

JAPANESE SERVE FRESH WARNING ON CHINESE AUTHORITIES ABOUT ANTI-NIPPONISM

The Japanese authorities in North China have once again warned the Chinese authoritits that all anti-Japanese movements and the activities of the Blue Shirts in North China must cease immediately. The new demarche was made by Major-General H. Tada, commander of the Japanese garrison in North China, as well as by the Japanese Consul-General in Tientsin, S. Kawagoe, and was delivered to General Shang Chen, chairman of Hopei Government, General Cheh-yuan, Garrison Commander of Tientsin and Peiping, and the Mayors of Peiping and Tientsin. The Note declares that the Chinese promises to eliminate anti-Japanese and anti-Manchukuo" organizations have not been fulfilled. Japanese investigations into the Luanchow and other incidents, it states, indicate that the Kuomintang headquarters and the Blue Shirts are operating under different names and in disguised forms, and that they have been rather encouraged by the authorities. The action which the Japanese propose to take, if the suppression of alleged anti-Japanese activities were not carried out according to their wishes, is not stated in the warning. Mr. Kawagoe in his representation charged the Chinese authorities with the non-observance of the so-calleh Ho Ying-Chin-Umetsu agreement of last June (terms of which are detailed in an editorial elsewhere.) Lieut.-Col. Sen Amemiya, Japanese resident officer Nanking called Oct. 29 on Tang Yu-jen, Vice-Minister for Foreign Affairs, to explain the contents of the warning served by Consul-General Shigeru Kawagoe on the Chinese authorities in North China.

"NIPPO" REPORTS GEN. CHIANG PLANNING TO CURB JAPANESE INFLUENCE IN NORTH

General Chiang Kai-shek is planning to curb Japanese influence in North China by concluding an entente with the U.S.S.R., the Shanghai "*Nippo*" said in an article Oct. 28. In support of its contention, the Japanese paper cited General Chiang's alleged efforts to lead the Chinese Communist forces under Mao Tze-tung, Hsu Hai-tung and Liu Tzu-tang now in Shensi towards the Manchukuo borders and the negotiations going on in Moscow between Dr. W. W. Yen, the Chinese Ambassador, and the Soviet authorities relating to Inner and Outer Mongolia and Sinkiang.

The paper concluded by stating that these activities were particularly noteworthy in view of the restlessness prevailing in North China and the indications that the region may be declared a special area as the outcome of the recent farmer outbreaks in Hsiangho.

FOREIGN OFFICE SPOKESMAN SAYS NEW DEMANDS BY JAPAN UNLIKELY

Rumors that new demands were about to be, or already had been made, by Japan to the Nanking Government, were strongly denied Oct. 24 by the Foreign Office spokesman. He declared that speculations concerning the nature of the rumored demands were entirely unnecessary, and deplored the "unwarranted zeal displayed by rumor-mongers." The Nanking Government, he added, had received no demands from Japan. "In fact," he stated, "as both the Chinese and

Japanese authorities are at present endeavoring to improve existing relations between the two countries, it is not likely that any so-called new demands will be presented by Japan."

NANKING DENIES TROOP CONCENTRATION FOR HOLDING OF AUTUMN MANEUVERS

High military authorities in Nanking emphatically denied Oct. 24 current rumors that the Central Army and Air Force will shortly stage a mammoth autumn war maneuver and that heavy forces have passed through Chekiang territory for the display. The following questions and answers were exchanged between an army spokesman and a representative of the *Central News Agency* during an interview:

Question: Is it true that 100,000 Central Army and Air Force members are going to stage autumn maneuvers along the Kiangsu, Chekiang and Anhwei borders?

Answer: The report is entirely groundless: Chinese military authorities have never made shch preparations. It is true that foreign countries usually stage maneuvers in the autumn, but in China, when the Central Forces are busily engaged in the suppression of communist bandits, it is difficult to concentrate together a large part of her fighting units for a gigantic drill. Such a drill may be carried out after tht completion of the communist suppression campaign, but the time is not yet opportune now.

Question: Is there any truth in the report that 80,000 troops have receently passed through Chekiang?

Answer: The report is false. Only two divisions which are being transferred back from the red front recently passed through Chekiang. The troops in question were called back to be given a rest from the strenuous campaign against the red bandits.

MORISHIMA CONVENES JAPANESE CONSULAR CONFERENCE IN TIENTSIN

Japanese consular officials stationed at various points north of the Yangtsze met at 2:15 p.m. in Tientsin in a conference devoted to the discussion of Sino-Japanese relations. The main item on the agenda of the opening session was a report of Goro Morishima, Chief of the First Section of the Gaimusho's East Asian Affairs Bureau, on Japan's new policy towards China. This was followed by a report on the proceedings of a similar conference held in Shanghai a week ago by Yakichiro Suma, Consul-General in Nanking. Shigeru Kawagoe, Consul-General in Tientsin, reported on the situation in North China, while other consular officials made reports on the situation at points where they are stationed.

Among the officials who attended the conference were: Masayuki Tani, Councillor of the Japanese Embassy in Changchun; Koichi Nishida, Consul-General in Tsinan; Akiyoshi Tajiri, Consul-General in Tsingtao; Tateki Horiuchi, First Secretary of the Japanese Embassy in China; and Kaname Wakasugi, Councillor of the Embassy to China.

Concluding their brief visit to Kalgan, Goro Morishima, Koichi Nishida, and Ariyoshi Tajiri, returned to Peiping Oct. 20. Mr. Morishima left Tientsin Oct. 30 en route to Changchun while other Japanese consular officials are returning to their respective posts.

Central News reports that K. Wakasugi, First Secretary of the Japanese Embassy, has been recalled by the Tokyo Foreign Office and will return home early in November.

Col. Takashi Sakai, chief-of-staff of the Japanese forces in North China, left Tientsin aboard the O.S.K. liner Choan Maru for Japan Oct. 26. He will enter the Kyushu Imperial University Hospital at Fukuoka in Kyushu to recuperate from the effects of his recent serious illness.

JAPANESE INVADE CENSORSHIP BUREAU AND KIDNAP SIX

A party of armed Japanese drove up in three cars in the eevening of Oct. 28 to the Chinese Press Censorship Bureau, situated in the ex-Austrian Concession in Tientsin, entered and searched the offices, and carried off six men, five of whom were employees of the bureau. The raiders wore civilian dress.

The six arrested men were released by the Japanese Oct. 29. According to an explanation issued, the men were arrested on complaints that they were members of the Blue Shirt organization and had engaged in anti-Japanese activities, but an investigation proved the charges to be unfounded.

About 80 anti-Japanese Volunteers attacked Japanese a police force of North Manchuria on the evening of October 22, according to a *Hwalien* message. One Japanese soldier was killed and one wounded, as a result of the fighting.

CHINESE ECONOMIC MISSION RETURNS AFTER JAPAN VISIT

Eleven members of the Chinese Economic Mission to Japan returned to Shanghai Oct. 29 in the *s.s. Shanghai Maru*, reporting satisfactory results in their tour of important cities, where an understanding for sincere economic co-operation was reported to have been reached with Japanese business leaders and bankers. The members, including Tang Shu-ming, general manager of the Bank of Communications, Yue Tso-ting, chairman of the Chinese Chamber of Commerce, and O. S. Lieu, general manager of the China Merchants Steam Navigation Co., said that they were well entertained at every place they visited. Wu Ting-chang head of the Mission, is however still remaining in Japan.

Genuine economic co-operation, based on principles of mutual benefit and equality, would go a long way not only in the improvement of the economic conditions but in the relations of the two counries, the members stated. In view of Japan's rapid advance as an industrial country, and China's enormous quantities of natural resources, such co-operation was imperative. The Japanese leaders, they said, also shared this view.

Six high Chinese army officers, detailed to attend the grand military maneuvers which will be held in Kyushu in November, arrived at Nagasaki Oct. 24 on their way to Kobe en route to Tokyo.

JAPANESE ENGINEERS AND TECHNICIANS ARRIVE IN CHINA ON LECTURE TOUR

Seventeen of Japan's leading technical experts headed by Viscount Dr. Tadashiro Inoue, who left Kobe for China Oct. 23 on the *s.s. Nagasaki Maru*, arrived at Shanghai Oct. 25. The group includes Kennosuke Tayashi, Director of the Osaka Army Arsenal; Takeshi Kajii, Director of the Engineering Bureau of the Ministry of Communications; Manabe Kagayama, an expert of the South Manchuria Railway Company; and Ryuji Yamada, Director of the Railways Ministry's Research Bureau; Tsutomu Minohara, Director of the Technical Research Section of the Navy Office; Takenosuke Miyamoto, an engineer of the Public Works Dppartment of the Home Office; and Shitaro Motora, Managing Director of the Mitsubishi Heavy Industries.

Mayor Wu Te-chen was host to the visiting group of Japanese engineers and technicians at a luncheon party given at the Kiangwan Civic Center Oct. 26. The first of a series of lectures was given at the Chung Hwa Hsueh I She on Rue Victor Emmanuel III at 2 p.m. Oct. 26 by the Japanese visitors. The group left for Nanking in the evening of Oct. 28.

FUKIEN CHAIRMAN RETURNS AFTER VISIT TO FORMOSA

General Chen Yi, Chairman of Fukien, left Keelung aboard the sloop Yat-sen in the afternoon of Oct. 28 after a six-day visit in Formosa. General Chen exchanged views with prominent Japanese civilian and military officials principally relating to the promotion of trade between the island and Fukien. He also saw the exposition commemorating the 40th anniversary of the establishment of Japanese rule in Taiwan.

Japanese consular, colonial, military and naval officials met at Taihoku, Formosa Oct. 24 for a one-day conference on Chinese questions. The gathering was held in the quarters of the naval officer attached to the Formosan Government-General and presided over by Captain Tadao Honda, chief of the China section of the Naval General Staff in Tokyo.

OKAMURA VISITS KWANGTUNG AND KWANGSI LEADERS

Major-General Yasuji Okamura, of the Japanese Army General Staff, who arrived in Canton on October 26 on a tour of South China, left for Nanning, capital of Kwangsi, by air October 28 to visit the Kwangsi leaders. During his visit in Canton, Major-General Okamura interviewed several leaders of the Southwest Government, including Chow Lu and Hsiao Fu-chen. The relations

between China and Japan were discussed in the course of the conversations. It is understood that Mr. Hsiao reiterated that the Chinese were willing to co-operate with Japan provided the co-operation was on a basis of equality and reciprocity. Major-General Okamura intends to visit Swatow after his return from Kwangsi and before leaving for Formosa.

The unloading of large quantities of Japanese rice in Canton began Oct. 26. According to *Shun Pao*, no less than 8,000 bags were stored up in Shamen, the foreign concession near Canton. As the rice is exempt from the special agricultural tax, it is comparatively cheap and a large number of people are purchasing it at Shamen. A number of persons have been detained and their rice seized by the Agricultural Tax Bureau of Canton. The Japanese Consul-General has requested the Canton authorities to return the seized rice to the people unconditionally.

Mr. Nakamura, the Japanese acting Consul at Foochow, stated Oct. 25 that negotiations are being successfully carried on with the Fukien authorities in regard to measures for the readjustment of Japanese loans, reported *Shanghai Mainichi*. He said that pro-Japanese atmosphere is growing in Fukien. Even Chen Ti-chen, Commissioner of Reconstruction, who was a pro-European and American element, has recently changed his attitude towards Japan."

"NIPPO" REPORTS CHINESE REDS SPLIT INTO TWO BODIES

Chinese Communist troops have been split into two major bodies, one in North-western Szechuan and the other in Shensi, by Government forces, according to the Shanghai "*Nippo*." The situation in Shensi points to a possible merger of three Red armies led respectively by Mao Tze-tung, Liu Tze-tang and Hsu Hai-tung, the daily added. Two Red divisions under Chu Teh and two divisions under Hsu Hsiang-chien sought to enter Chinghai in the middle of September but were repelled by provincial troops when they reached the upper reaches of the Yellow River and were forced back into North-western Szechuan. Two other divisions under Hsu sought to penetrate into Kansu by crossing the Min river but have been halted by punitive forces under Sung Fan. Whether these rebel forces will seek to enter Kansu or Chinghai or stay in Szechuan appears problematical, the newspaper reported. Mao Tze-tung, at the head of two Communist divisions, began moving in a north-westerly direction from Minghsien, arrived at Chingyang in North-western Kansu about October 10 and appears to be seeking to contact the forces under Liu Hsi-tang and Hsu Hai-tung. The latter attempted to enter Suiyuan and Shansi, but failed and are now in North-western Shensi. Ho Lung and Hsiao and their bands are still encamped on the Honan-Hunan border, according to the "Nippo."

According to *Shanghai Mainichi*, the invasion of Suiyuan by Hsu Hai-tung on the one hand, and by the Reds under Chu Teh and Mao Tse-tung on the other, is considered inevitable.

EXPLOSION OF SIAN MUNITION MAGAZINE RESULTS IN HEAVY CASUALTIES

An explosion of unprecedented magnitude occurred at the Munitions Magazine at Lanchow, capital city of Kansu, on October 20, resulting in huge casualties, according to a Central News report. The explosion occurred at 3 o'clock in the afternoon, carelessness in unloading being the cause. It was followed by a fire which raged throughout the afternoon and night and was not put under control until next morning. It is estimated that several hundred soldiers and inhabitants were either killed or injured by the explosion.

The Szechuan Provincial Government is faced with a deficit of nearly $1,500,000 as a result of the heavy military expenditure during the last three months. The total amount disbursed during this period by the Provincial Department of Finance was $9,000,000. Two-thirds of the sum went towards bandit-suppressian and disbandment expenses and one-third towards administrative expenses. As the total income was only $7,530,000 a deficit of $1,470,000 has been incurred.

GENERALS CHIANG KAI-SHEK AND YEN HSI-SHAN ARRIVE AT NANKING FOR C. E. C. SESSION

General Chiang Kai-shek arrived at Nanking at 4.25 p.m, Oct. 28, by airplane from his native place, Fenghua, to attend the 6th plenary session of the C.E.C. of the Kuomintang. While en route to the Capital, General Chiang stopped briebly at Shanghai, where he received a number of officials, including Mayor Wu Te-chen of Shanghai.

General Feng Yu-hsiang is reported to be leaving Taishan for Nanking shortly and to be arriving in time to attend the C.E.C. Session.

General Yen Hsi-shan, Pacification Commissioner of Shansi and Sui-yuan and member of the Central Executive Committee, arrived at Nanking at 1.30 p.m. Oct. 26 from Taiyuan by a Ford plane. Interviewed by press representatives, General Yen stated that he had come to the Capital for the sole purpose of attending the Sixth Plenary Session of the Central Executive Committee and had had no other mission. Asked as to his plan for village ownership of farmland, General Yen said that the plan had been submitted to National Government for consideration and decision. Regarding the situation in Shansi, General Yen said that it was quiet and peaceful, but he declined to make any remarks regarding the diplomatic situattion in North China.

"Although there are a small number of Communists in a few districts in Shansi, they have no military strength and are expected to be exterminated shortly," declared General Yen in a statement to the press.

Lin Sen, Chairman of the National Government, cabled Oct. 29 a message of congratulations to General Mustapha Kemal, President of the Turkish Republic, on the occasion of thhe Turkish Independence Day. Chairman Lin returned to Nanking from a visit to Fukien Oct. 31.

General Chang Hsueh-liang, Director of the Generalissimo's provisional Headquarters at Sian, and Shao Li-tze, Chairman of Shensi, arrived at Nanking from Sian Oct. 29 by air to attend the Sixth Plenary Session of the C.E.C.

SOUTHERN DELEGATES ARRIVE AT SHANGHAI ON WAY TO NANKING

Five delegates of the Southwest Political Council at Canton in the persons of Liu Lu-vin, Li Jen-jen, Teng Ching-yang, Tsui Kwang-hsiu and Yen Chu-sze arrived at Shanghai from Hongkong aboard the Dollar liner *President McKinley* Oct. 28 en route to Nanking to attend the 6th Plenary Session of C.E.C. Interviewed by Chinese press representatives, Liu Lu-yin, speaking on behalf of the delegation, stated that they are carrying with them the proposals of Southwest members of the Central Executive and Supervisory Committee for submission at the Sixth Plenary Session. Mr. Liu further stated that members of the C.E.C. in the Southwest, as a whole, are of the opinion that new members should be entitled to election of or being elected representatives to the Fifth National Kuomintang Congress.

Mr. Hu Han-min, Mr. Liu stated, remains to Germany and expects to return to China as soon as he has completely recovered from his illness. The Sino-Japanese dispute at Swatow, Mr. Liu further stated, has how been completely settled with an understanding that Japanese should pay the tax for rice shipments as required by Chinese law.

In a written statement subsequently issued upon request of Chinese newspapermen the delegation declared they will stay in Shanghai for a short while for an exchange of opinion on national affairs with local members of the C. E. C. Whether and when they will proceed to Nanking to attend the Sixth Plenary Session the Fifth National Congress, they pointed out, will depend on whether accommodation will be made on the agenda of the conferences for the proposals of the Southwest.

TWO NANKING EMISSARIES TO LEAVE FOR SOUTH SHORTLY

Tai Chi-tao, President of the Examination Yuan, and Ma Chao-chun, Mayor of Nanking, are expected to fly to Canton in the near future in an attempt to reach an understanding with Southwest leaders concerning the National Kuomintang Congress on November 12. The two leaders have agreed to undertake the mission. Their date of departure will be decided upon after the meeting of the Central Executive Committee on October 31. With a view to consolidating internal solidarity, they will impart to the C.E.C. members sojourning in the south the views of the Central Government on political matters, and obtain in return opinions for the consideration of the congress.

Open Letter to Vice-President Garner Lists China's Grievances

BY C. Y. W. MENG (孟長泳)

TAKING advantage of Your Excellency's presence in China as well as that of many other American officials, Congressional leaders and experts, may we, the Chinese, be permitted to explain, as briefly but as explicitly as possible, some of the Chinese views of the Sino-Japanese situation. We intend to do so for two reasons: First, we believe that the Americans at home really do not have a clear view of the Sino-Japanese situation, and really do not understand, in the true perspective, what has been going on in this part of the world. Secondly, due to the poor publicity facilities of the Chinese, as against the well-organized efforts in propaganda work by the Japanese, and due to the poor publicity work of Americans in China, Americans at home hear only the one sided-story of the situation, mostly from Japanese sources, and know little about the opinion of the 450,000,000 Chinese. As a result, we have always misinterpreted and misunderstood each other, and such misunderstanding of each other has indeed always given rise to many undesirable consequences, such as: lack of sympathy with each other; lack of better understanding or co-operation between or with each other; and lack of action in the time of crisis to relieve each other from difficulties, etc. So it is incumbent upon us to take advantage of the occasion to explain to Your Excellency some of the Chinese "voices."

Manchuria, "Life-Line" to Japan—True for Not?

Japan, as her "reason of action" for the invasion of Manchuria, always claims that Manchuria is a "Life-Line to Japan," therefore Japan could never give up Manchuria. If such a principle were ever to be accepted, it would mean that the strong could live upon the weak. There would be no necessity for the establishment of the League of Nations, or the Court of International Justice; and no necessity for the existence of international law. Warfare among nations would be very frequent, and the destruction of humanity would be very terrible. But let us do not discuss further about the Japanese "reason of action," but confine ourselves to find out whether Manchuria really in fact constitutes a "life line" to Japan or not.

(1)—The Only Outlet for Japanese Surplus Population: The Japanese always advanced their stock argument that Japan needs relief for her surplus population, adding that the Japanese people are now being barred everywhere in the world, pointing out angrily how the American Government barred the emigration of the Japanese by the famous "Gentlemen's Act of 1924"; and further emphasizing that as Japan is a late-developed country, she could not find any space to colonize her surplus population in such places as Australia, Africa, etc., and that therefore she regards Manchuria as the "only outlet for the Japanese surplus population!"

But a close study of the situation reveals that the population density per square mile of the Japanese Empire in 1930 was 346.2 and that of Japan Proper 423.0 as calculated from the statistical data in the Statesman's Year Book of 1931.

The average density of China Proper and Manchuria is 254 per square mile. This is higher than that of Korea, which is 248.5 according to the *World Almanac* of 1932. How could Japan insist on the necessity of colonizing South Manchuria when Korea, a much larger territory of her own is no more crowded than South Manchuria is? If, after having held Korea for twenty-five years, Japan is still unable to utilize it to relieve her islands of their surplus population, what reasonable excuse can she put up for her need of Manchuria for the same purpose?

After her victory over Russia in 1905 Japan announced her intention to send one million colonists to Manchuria within a period of ten years. But in 1927, after more than twenty years of control, there were in all of Manchuria, in a total population of over 27,000,000, not more than 240,000 Japanese. If the climate of Korea and Manchuria be too cold for the Japanese people, more of them ought to have emigrated to the warmer island of Formosa. But the official statistics reveal that the Japanese in Formosa constituted in the same year less than 5 percent of the total population, and the Japanese in Korea less than 20 per cent of the the whole. If, as Japan claims, she could not send large numbers of her surplus population to Manchuria because her nationals could not get acustomed to the climate, could not own land, etc., which would induce them to settle there, the same argument certainly does not apply to Korea and Formosa. That so few Japanese have settled in these territories is conclusive proof that Japan has really no surplus population which her islands could not well support!

(2)—Supply of Raw Materials: Another stock argument that is frequently presented by the Japanese to justify their aggression in Manchuria is that Japan looks to Manchuria not only for the only outlet for the Japanese surplus population, but also for the supply of the raw materials, such as coal, iron, foodstuffs, fertilizers etc. Let us now study whether such argument is true or only "artificial."

The official Japanese estimates of the coal reserves in Japan Proper place the known workable reserves at 620 to 1,000 million metric tons; known reserves workable with greater difficulty at another 3,000 million tons; and the probable but unproved reserves at another 5,000 million tons. Japan is not poor in coal reserves! The coal reserves in Manchuria have been estimated at 1.5 billion tons—not a large reserve. Further, in view the fact Japan today produces over 80 per cent of her electrical energy by water power, which has already been developed to rival such countries as Sweden and Switzerland, every close observer comes to the conclusion that Japan has no cause for alarm of coal shortage at least for "another century!" In reality the Manchurian demands for Manchurian coal far exceed the Japanese foreign demand!

As to the iron reserves, the Manchurian deposits have been estimated to contain total reserves of about one billion tons of ore with a metallic iron content of approximately 300 to 350 million tons. But the bulk of the ore is of low grade with from 45 to 55 per cent of silica and only 30 to 35 per cent of iron. In any other country, much of the reserve would scarcely be considered as ore.

(3)—Japan Responsible for the Development of Manchuria: Besides claiming that Japan is really dependent on Manchuria for subsistence, Japan also contended that she has been to a large extent responsible for the economic development of Manchuria, meaning by this is that by virtue of this development, Japan is entitled to many "special rights or interests" in Manchuria. It is now high time to examine how much truth there is in such contention.

Great emphasis is laid on the services of the South Manchuria Railway in promoting the economic development of Manchuria. The main line of the railway is only 438 miles long, and together with its many branches does not exceed 700 miles. To claim that such a railway alone has brought about the economic development of a territory of 1,035,568 square kilometers is certainly ridiculous. In fact, the railway and all its branches are inside Liaoning, formerly known as Fengtien, one of the three Provinces of Manchuria, with an area of 185,206 kilometers. This is only about one-fifth of the total area of Manchuria, and the principal economic development has been the conversion of the wilderness into cultivated land in the two other provinces of Kirin and Heilungkiang. Even in Liaoning the Peking-Mukden Railway, built by the Chinese Government with a British loan, had served the territory for nearly thirty years before Japan took over the South Manchuria Railway from the Russians. So the South Manchuria Railway does not help much in the economic development of Manchuria, but it is only a weapon as well as an argument employed by the Japanese for Japanese domination of the Chinese territory of Manchuria!

(4)—Japan's "Special Rights" in Manchuria: Japan always claims to have "special or treaty rights" in Manchuria. What are these "special or treaty rights?" we ask. But we know the Japanese answer will be that such "special and treaty rights" are provided in the "Twenty-One Demands to China in 1915." But our Chinese reply is that the so-called Twenty-One Demands are not valid for two reasons: First, the said treaty was not duly ratified by the Chinese parliament in accordance with the Chinese constitutional requirements. Secondly, at the time when the Twenty-One Demands were presented to China, China did nothing wrong to Japan, so the said treaty was forced upon China not for the purpose of "redressing wrong." It is a well established principle of the international law that "agreements secured through the means of force or intimidation are not valid if force or intimidition has been used for obtaining redress of wrongs."

THE PRESENT SITUATION

(1) Japanese "New Policy" and "Latest Actions"

Formerly, as we know, the Foreign Office and General Staff Headquarters in Tokyo were by no means in accord with each other regarding their policy towards China. So it is not infrequent that we hear that "the Army Conquers Diplomats," meaning that the Japanese militarists had at last got the by upper hand, and could take independent action in China in total disregard of the wishes of the Foreign Office. So the Japanese militarists in China could declare that North China would be separated from China, and a new political organ, "politically and economically unconnected with Nanking" would be established. But on the next day, curiously enough, the Foreign Office in Tokyo denied having any knowledge about it! But after a series of conferences, the Japanese diplomats and militarists have apparently reached some "common policy" towards China. So the Japanese have recently told the Chinese that the next Japanese policy towards China is a "One-Dollar Diplomacy," or put in other terms, a "policy of Oneness," as differentiated from the "water-fowl diplomacy" and "woodpecker diplomacy" of the past. That by adopting some "common policy" towards China—which would undoubtedly greatly facilitate

the Japanese military actions in China—China is going to receive more Japanese "demands" and witness more Japanese military actions, is our foregone conclusion!

So after the coming to China of many high Japanese civil and military officials to "explain to the Japanese officials in China about the new Japanese policy," and after the holding of many conferences in North China, Dairen, Shanghai, etc., rumors have been rife that some "new" Japanese demands have been presented to China. But Wang Ching-wei, President of the Executive Yuan, in an interview with pressmen, denied that the Japanese had presented any new demands to China. But the truth is that: Japan did not present any new demands to China this time, but did present a few "points of suggestion" for the "consideration of China." These "points of suggestion," according to our information from reliable sources, embody the following principles:—

1. To call the attention of China to the fact that Japan has now adopted one common policy in China;
2. To inform China that Japan is sending many high officials to China to explain to China the Japanese policy;
3. To cause China to recognize the independence of Manchukuo; or at least to make China "presume the existence of Manchukuo"; and,
4. To seek for a "united front" with China to oppose Russia.

The Americans at home know only that China and Japan are now talking very much about the formation of a "Sino-Japanese Economic Co-operation." China's industrial mission has already visited Japan, resulting in the formation of the "Sino-Japanese Trade Association." Japan's industrial mission is also on the way to China. But the Americans may not know that Japan has put up one "condition," for the formation of the Sino-Japanese economic co-operation to which Japan demands that China should agree. That is, the Sino-Japanese economic co-operation in North China should be worked out between Japan and 'Manchukuo,' and China should, to put in it briefly "refrain from interfering." The Americans should now know that such co-operation is only in name; in fact, it is a "secession" of North China from China Proper! The Americans know only that North China would soon be lost to Japan. But the Americans may not know that the other parts of China are also wanted by the invaders, for, according to our information, the Japanese also demand the establishment of "Sino-Japanese Co-operative Districts" in the Yangtsze Valley and in South China. What is meant by the Sino-Japanese co-operative districts is generally intrepreted to mean the same as the "demilitarized zones" in the North, where there should be no Chinese soldiers; where there should be no "anti-Japanese activities" and where the administration normally is in the hands of the Chinese officials but in fact is under the control of the Japanese "protegees" or Japanese "affiliates." The Americans know only of the frequent Sino-Japanese talk about economic co-operation, through which the Japanese plan to exercise more economic control of China. But the Americans may not know that the Japanese plan also to exercise military control over China, for, according to one report, one of the Japanese "points" to China concerns the future of the Chinese Central Military Academy in Nanking. Whether the Japanese actually demand that the Academy should be abolished entirely, or it should engage some Japanese "advisers," we do not know. But that Japan is bringing more military pressure on China to prevent the military developmnet of China is a fact. We understand that the Japanese demanded previously the abolition of the National Defence Commission in Nanking, which was actually complied with. The Americans know only that the Japanese have been talking with the Chinese over economic issues. But Americans may not know the Japanese are talking with the Chinese also on many "political" issues. According to our information, the Japanese demand to send some "observers" to attend the Kuomintang Conference in November. But another report has it that the Japanese have also demanded that China should make a promise that the result of the Kuomintang Congress should be the "abolition of Kuomintang rule." In view of the fact that the Japanese demanded the abolition of the "tangpu" (Kuomintang offices) in the North, it is not altogether incredulous to believe that it is without foundation. Americans may intend to work together with Russia to save the situation in the Far East, so the United States was willing to discard the 16-year policy of isolation and accord diplomatic recognition to a Communist nation. But Americans may not know that what the Japanese are doing to-day is to "tie up" China's hands from joining with Russia, so as to make the formation of "Sino-Russo-American co-operation" physically impossible.

From the above brief account of the situation it is now clear that: 1. Japan is taking every possible step to prevent the development of China, politically, economically, industrially and militarily; that

2. Japan wants to occupy not only North China, but the whole of China; that

3. Japan plans to control China's foreign affairs and to tie up China's hands from joining with any power to make any "co-operation" possible. So Japan raises bitter opposition against any international loan to China, and Japan entertains much suspicion about Leith-Ross' mission to China.

Put in other words, Japan's present plan is, on one hand, to prepare herself to meet Moscow on the battlefield for the second time, and on the other, to conquer China as quickly as possibly, so that Japan could devote her attention to deal with Moscow.

The Japanese traditional policy of acquiring territories from others may be divided into "four stages." They are:

1st.—Separating the territory from its rightful government, and establishing a new political organization;
2nd.—Entering into treaty relations with the new political organization;
3rd.—Declaring a "protecorate" over the new territory, and
4th.—Actual annexation.

As to Manchukuo, the first two stages have already been reached, while the third stage has also been reached, as Japan is virtually a "protector" of Manchukuo.

(2)—China's Policy

Being caught somewhat "unawares," China did not offer any resistance to the Japanese invasion. That China adopted a policy of "non-resistance" is not without reason. During the Northern Expedition the Japanese intervened, and occupied Tsinan, capital city of Shantung; the Chinese troops were ordered not to offer any resistance, and simply went on with the expedition to reach Peiping by taking longer routes. The Shantung question was later settled through negotiations. Further, believing that inasmuch as the Stresemann-Briand "historic lunch" could settle the Franco-German traditional problems, there is no reason why "direct nogotiations" between China and Japan could not settle the issues. So Wang-Hirota negotitaions have been in progress.

Further, China is most anxious to preserve peace. This is because China is now in a transitional period. Politically, she is discarding the old traditional monarchical system, and adopting the constitutional form of government of the west. Industrially, she is changing from an agricultural country to an industrial country. Economically as well as socially, she is undergoing the most momentous changes in her history! During such period, what China wants is "peace," so that this young Republic may have a "chance" to undergo a period of reconstruction and internal development, believing always that a strong China would make more contributions to the world. So China has been willing to agree to the Japanese demands, if they are acceptable, in the hope that peace would be preserved,

But, unfortunately, the Japanese militarists have done, and are doing, everything they can to destroy such a "chance" to China by periodic invasions of Chinese territories and by constant presentation to China of "demands" with a sole view to incapacitate China entirely!

An Appeal to the American Public

In such desperate and hopeless circumstances it is only human nature that when one can not help himself, he always hopes some of his "best friends" would offer him some timely assistance. In the time of unprecedented crisis, as is the case, China certainly hopes that world public opinion will soon be mobilized to oppose the aggressor, and that the many powers in the world, including Our Sister Republic,—the "best friend of China"—will rise to join with China to oppose the aggressor. That China hopes so is not without reason and justification. It is because the Japanese invasion of China constitutes not only an aggression to China alone, but because it is an aggression to the world! The Japanese aggression in China is not only a Chinese problem, but it is a pressing problem to the world! The repeated Japanese military actions in China constitute not only a menace to China's existence, but also a menace to the world! It is not only the peace in the Far East that is being endangered, due to the Japanese aggression, but it is the peace of the world that is being endangered. China hopes to seek for such "cooperation" from other powers to suppress the aggression in the Far East, but China hopes more so from our Sister Republic!

But, so far, China has been very disappointed by the actions of the powers. Russia has already sold the Chinese Eastern Railway to Japan. The British policy in the Far East is still essentially a policy of "friendly to both." The Anglo-American co-operation—which was indeed quite effective to save the whole situation in the Far East when the Japanese bombardment of Mukden began—still remains unrealized. Our Sister Republic has also disappointed us most. Aside from presenting one or two "notes" to Tokyo, and some "lip service" to China, the United States took no other "substantial," "stronger" and "dignified" actions. It is true that China was at fault in not appealing to the signatories to the "Nine-Power Treaty" for action, instead of placing her sole hope in the League of Nations But the United States could not be exonerated from blame in not taking the initiative to call a conference of the signatories to the Treaty to discuss the Far Eastern problems, when the Mukden Affair broke out. It is true that the United States was already far-sighted enough to restore the diplomatic relations with Russia after 16 years of rupture. But it is the Chinese opinion that the United States should have made the restoration of the Russo-American diplomatic relations more "significant" and "useful," and gone on to seek for "Russo-American understanding," "co-operation" to save the situation in the Far

East. When the United States well knew that it was not possible to seek for Anglo-American co-operation, the only alternative was cooperation with Russia.

For us Chinese it is not difficult to cultivate Sino-Russo, Russo-American or Sino-Russo-American "cordial relations!" Russia might well return Outer Mongolia to China just to show the differences between China's two neighbors—one is wresting more territories from China, the other returning what is China's, in accordance with her promise of 1924, which recognized China's sovereignty over Outer Mongolia, in addition to the voluntary abrogation of the many special privileges in China. Our Sister Republic, to show her friendliness towards China, should have been the "first" one to elevate her legation in Chana to the status of an embassy; to revise her Commercial Treaty—a treaty which expired long ago and which is ipso facto abrogated—and conclude a new one with China based on principles of equality and reciprocity; to relinquish her extrality in China, etc. All such actions, when taken, not only would do much to strengthen China's prestige, but also would have the very effect of telling the "aggressor" on China that the Russo-American sympathies are with China! Though we do not claim that such Russo-American "sympathetic actions" toward China would stop the Japanese aggression altogether, yet we do think these actions would serve to remind the aggressor that these Pacific nations are also opposed to the Japanese aggression on a weak country. It is the conviction of the Chinese that the reason why the Japanese aggressors have been so daring in going on with the aggression in China is because there has been "no action" and "no opposition" from the powers, particularly from Our Sister Republic and Russia!

The Chinese feel there were not only no such "sympathetic actions" from the United States to relieve China from difficulties, but there came more "unfriendly actions." The "Hull-Hirota Exchange of Notes"—which is only another "Lansing-Ishii Agreement" of 1917—has dismayed and disappointed the Chinese most of all! In addition, the Chinese have been complaining about the American "silver policy," which the Chinese allege has had quite an adverse effect on the economic welfare of the 450,000,000 Chinese; but to all these the United States has turned a deaf ear! "Soaking the blood of the sick man," "Attempting to capture China by means of economic invasion," "The American silver policy, a deadly blow to China's economy", etc., are some of the many adverse Chinese criticisms of American policy and actions in China which the Chinese public called to the attention of the American industrial mission to China. The tardiness in taking some friendly action has disappointed the Chinese much. The American industrial mission to China was the fourth one of this kind to come to China. The elevation of the American legation to the status of an embassy also came fourth. The Chinese could not but ask our American friends: As best friend of China, why did not our Sister Republic take such action ahead of the others? We do not know what will be the American answer. But one of the Chinese answers is that: America of today is somewhat different from that in the past when the United States took the initiative to return the portion of Boxer Indemnity to China, and when the United States was the first one to recognize China's tariff autonomy; and that the spirit of the Washington Conference no longer prevails today, even in the United States, the promoter of the Conference; and that the powers, including the United States, do not respect the "territorial and administrative integrity of China," and are taking actions in total disregard of the interests of China.

But it is the conviction of the Chinese that if a Russo-German-French intervention could cause the Japanese to return the Liaotung Peninsula to China after her victory over China, Anglo-American cooperation, or Russo-American co-operation could also do the same. Secondly, being the author of the Nine-Power Treaty and co-author of the Anti-War Pact, the United States should not stand aloof and see China being conquered by the aggressor! But the United States should act!

In this letter, we have tried to show to Your Excellency that the Japanese argument that "Manchuria, a Life-Line to Japan" is not true in fact; that the Japanese plan is to conquer the whole of China, taking advantage of the fact that the powers, including the United States, have been very "indifferent" to Far Eastern affairs; that the Chinese have so far been very much disappointed by the United States' lack of stronger action to help China, and "tardiness" in taking some friendly action, and that China believes that "co-operation" among the powers in the world, particularly, the "Anglo-American." "Russo-American" co-operation, is the only effective way to save the situation in the Far East and to suppress the aggressor in China.

So the question which the Chinese like to put before the American public is: Whether the United States should take more dignified actions to uphold the sanctity of the many international treaties, and to save the situation in the Far East, independently or jointly with Great Britain or Russia; or should the United States stand and watch China being conquered by the aggressor, and themselves suffer from this aggression in later days? Such is the question to which the 450,000,000 Chinese will request the American public and the Washington officials to give serious consideration.

Nanking, Oct. 28, 1935.

Tokyo Takes First Step on Manchukuo Extrality Abolition

The Japanese Cabinet Oct. 25 took the first step towards the abolition of Japanese extraterritorial rights in Manchukuo, when it submitted the draft Japan-Manchukuo postal treaty to the Throne for approval. The treaty will come into effect with the transfer of the postal administration in the South Manchuria Railway zone to the new Empire, preliminary to the complete rendition of extraterritorial rights.

German Trade Mission Will Explore Business Possibilities in Manchuria

Trade possibilities between Japan and Manchukuo on the one hand and Germany on the other will be thoroughly explored by a Reich economic mission which arrived in Tokyo on Oct. 31 by the s.s. *Empress of Asia*. The party, which is headed by Dr. Kiep, will stay in Japan for two weeks, after which it will visit Manchukuo. China and Siam are also on its itinerary.

Manchou Bank to Aid Harbin Russian Banks

Steps designed to end the serious financial panic in the "white" Russian community in Harbin caused by the closure of the Banque Franco-Asiatique and the Thriftcor Bank are being considered by the Central Bank, the *Manchou* News Agency reported this week. Officials of the Bank have already made plans in collaboration wiih the Manchukuo Department of Finance for the creation of a relief fund of about Yen. 2,000,000, the report said.

Special Judicial System to Be Set Up for Mongols

A special judicial system applicable to the Mongols of Hsingan Province will be formulated at a conference of judicial officials of the Province at the Department of Justice at Hsinking during November, the *Kokutsu* News Agency reported Oct. 28.

Manchukuo Officers to Attend Japan Manuevers

Gen. Yu Chih-shan, Minister of Defence of Manchukuo, and Hsinking, and five other high military officers have departed for Dairen en route to Kyushu where they will attend the grand military maneuvers to be staged by the Japanese Army beginning Nov. 9. Major-Gen. Shaki, advisor to the Manchukuo Army, accompanied the party.

Ten Japanese Casualties When Punitive Expedition Clashes with Bandits

Lieutenant K. Maeda and another Japanese soldier were killed and two others wounded Oct. 14, when the Sakada squad encountered a band of bandits near Chaoyanghsien, 50 miles northwest from Chinchow. Another bandit fight on the same date near Tapingfang is reported to have resulted in two Japanese soldiers being killed and four injured.

Four Manchukuo Railroads to Open Nov. 1

Four Manchukuo railway lines will be opened for traffic on Nov. 1 under the management of the South Manchuria Railway Company, The new lines are: Hsinking-Paichengtsu, 240 klms. Paichengtsu-Harolshan, 95 klms. Peian-Heiho line, 150 klms; Chihfeng-Yehpaishou line, 170 klms. All of these railways have strategic importance. The first two of these pierce Hsingan Province, approaching the borders of Outer Mongolia, parallelling the North Manchuria Railway. The line to Heiho connects Harbin with the Soviet border, while the last line branches off the Chinchow-Chengteh railroad, stretching towards Hsingan and Outer Mongolia.

Cossacks, Exiled in France, Wish to Migrate to Manchuria

The news was brought to Shanghai this week that 1,000 Don Cossacks now living in France will make application to the Manchukuo Government for permission to live permanently in Manchuria. The formal request will be made by Ivan B. Mihailnoff, who a delegate for the exiles in France, arrived here last week from France, and proceeded to Manchuria this week, sailing from Shanghai by the s.s. *Hoten Maru*.

Mr. Mihailnoff related the circumstances to the Japanese consular authorities here when he applied for a passport. He stated that 3,000 Don Cossacks joined the anti-Bolshevik forces under General Wrangel and fought until 1920 for the restoration of the Tsarist regime. They were, however, finally driven into Poland, where they were disarmed. Two thousand returned to Russia and the rest drifted to France where they are maintaining a precarious existence by farming. The recent rapprochement between the Paris and Moscow authorities has led to the application of unusual pressure upon the group by the French authorities, Mr. Mihailnoff was quoted as saying. This has led to their decision to emigrate to Manchukuo if the Hsinking authorities and the Kwantung Army are willing to help. If an arrangement is reached, a formal representative of the "lost clan" will visit Hsinking, probably in November, to file a formal application for admission to the new State, the reports said. Mr. Mihailnoff was born in Alexievsk in the Don basin in 1898. During his stay in Shanghai he lived with friends in Avenue Joffre, the *Shanghai Nippo* stated.

The Smoke Veil of Japanese Militarism

The following is a condensed translation of an article appearing in Moscow Pravda, Sept. 27

THE Japanese War Ministry energetically develops its "literary activities." Its last brochure dealing with the international situation, published when Hayashi was the Minister of War, deserves our attention because much of it is devoted to Soviet-Japanese relations. Naturally it would be a great mistake to take as truth all the views expressed there as genuine opinion of the Japanese military party. It is rather to be viewed as military propaganda intended for the Japanese people.

According to the brochure, the Far Eastern Red Army consists of 230,000 men, while "Japan keeps in Manchuria only an insignificant military force insufficient even for the defence of the railway and the maintainance of general order." The authors of the brochure, pretending to be more "precise," add that "the Soviet forces exceed several times the Japanese Army in Manchuria and that the strength of OKDVA (the special corps of the Far Eastern Army) is equal to the power of the whole Japanese army and exceeds several times the strength of the Japanese troops in Manchuria." All that is absurd.

First of all, the authors of the Japanese brochure try to hide the facts known to the whole world that the Soviet troops are on their own territory while the Japanese are on alien occupied territory. It is a known fact that if the U.S.S.R. had not increased its military forces in the Far East, Soviet territory would for a long time have been the object of aggression on the part of Japan.

The representatives of many states reside in Manchuria, foreign journalists pass to and from Manchuria and, according to the foreign press, Japan has in Manchuria no less than 200,000 soldiers. At the same time Japan is organizing the Manchurian Army. If we can believe the Japanese militarists, the Manchurian population is seized by longing for independence from China and by great love for Japan . . . . . If such were the case it would be very easy for Japan to organize from the thirty millions population of Manchuria such a powerful army that she could withdraw her own army from said area. Four years have passed already since the "liberation" of Manchuria and during this period an independant Manchuria might have freed Japan from the burden of keeping a large army in the country. But in spite of this the authors of the brochure demand an increase in the Japanese military forces in Manchuria.

We did not propose to send troops into Manchuria and we don't care about the number of troops which Japan keeps there. We are forced to touch this question only because the Japanese militarists insist on increasing their troops in Manchuria—referring to the U.S.S.R.

The demand for reinforcement of Japanese troops is made on the supposition that Soviet-Japanese relations will became more tense in future.

Why should the relations between the U.S.S.R. and Japan become more complicated in future? As is known, the relations between these two states were normal till the moment of the seizure of Manchuria by the Japanese army. These relations came to a crisis only when the Japanese militarists seized Manchuria, and have more and more violated the treaty rights of the U.S.S.R. on the C.E.R.

They became even more tense when the Japanese began to provoke the dependent Manchurian authorities to illegal actions against Soviet citizens and began to advocate war with the U.S.S.R. The Soviet Government made great sacrifices to prevent the outbreak of war. One of these sacrifices was the decision to sell the C.E.R. The agents of the Japanese War Ministry declare that the selling of the C.E.R. averted "incidentally" one of the causes of conflict between U.S.S. R. and Japan. The Japanese, as a matter of fact, did everything to break down the negotiations for the purchase of the C.E.R. and now they are trying to break down the peaceful consequences of the sale.

This brochure dealing with Soviet politics in the Far East is sheer fiction, made purposely in order to create new material for further and perhaps more severe conflicts. The authors say that it is impossible to diminish the number of Japanese troops in Manchuria because of the banditry "inspired by the U.S.S.R. It is a fact that among the arms taken from bandits there were found very often rifles, machine-guns and munitions of the kind which are used in the U.S.S.R." This is a lie.

The second thing, which in the opinion of the authors of this brochure, can lead Soviet-Japanese relations to a crisis is the fact that the U.S S.R. is trying to "sovietize" Outer Mongolia, Sinkiang and central China. Outer Mongolia is an independent state, governed by its own rules and laws, and neither a Soviet regiment nor any Soviet solidiers are stationed there. All this talk is only for the purpose of *hiding the preparations for future aggression* in said territories by Japanese militarists. As to Sinkiang, the U.S.S.R. has never disputed the fact of its belonging to China. On the contrary at the last meeting of Soviets, the chairman of Sovnarkom, Com. Molohoff, emphazied the Chinese character of Sinkiang and refuted the tales about the Soviet's "appetite" for this country.

All this is nothing compared with Japanese militarists talking about the Soviet proposal for a non-aggression pact. They decline this proposal, because of "many questions demanding an immediate solution." According to their point of view such a pact would be absurd without the withdrawal of the Soviet troops from the Far East and without disposal of unsettled questions. Among these questions are: fisheries, the petroleum concessions in North Sakhalien, the determination of borders, the incitement of Manchurian bandits, etc."

We must explain to these gentlemen that a non-aggression pact can be concluded by the states among which exist some disageement. It would be of no value, and represent only official routine, in such cases as involve states which have no disputed matter.

This pact must help to settle matters peacefully. *Those who decline non-aggression pacts on the basis of existing disagreement want to solve this discord by menace of war. A refusal to sign a non-agression pact is a weapon used in order to press the opposite party during the negotiations. If the U.S.S.R. offers a non-aggression pact, that means that it wants to settle all matters by peaceful methods and not by war.*

The brochure of the Japanese War Minister is a part of the smoke veil behind which the Japanese militarists are making their preparations for war and try to lay the blame on the U.S.S.R.

Dr. Haas Praises Chinese Experts in League Report

The report of Dr. Robert Haas, Director of the League's Communications and Transit Sections, on his mission to China early this year as the League's Liaison Officer to inquire into Chinese economic conditions, was published in Geneva, Oct. 28.

Dr. Haas paid a glowing tribute to the many Chinese experts in various fields who were able to give him great help during his stay in the capital. While giving an account of the progress achieved in China's economic reconstruction, it is impossible not to mention these brilliant workers, modest, practical, confident and always eager to work without illusion, who must count as China's finest sons in her gigantic task of national reconstruction. Their fine service, said Dr. Haas, can not be overestimated.

Dr. Haas suggests the institution of one or more advisory technical services, which would give expert advice to the competent ministries concerned, with whom the power of making decisions and responsibility in carrying out administrative policies will continue to rest. The institution of these technical services, Dr. Haas believes, would free to a great extent the burden of technical responsibilities of the National Economic Council, which would then be able to better carry out its principal functions as a liaison organ between public and private bodies and between the competent departments of the Government.

Dt. Haas recognizes the importance of the village as a unit in the nation's economic life, and dwells at length on the necessity of a link between village and urban economies.

Concerning the work of the National Government, Dr. Haas said the main task confronting the Central authorities is to devise means for keeping a close touch with the various provinces and facilitating the exchange of information regarding the results of various economic experiments, thus making them the common fruits available for the whole of China In this connection the League might offer much help in the form of technical co-operation.

Chinese Court Orders Landlords to Cut Rents By Twenty Percent

The First Special District Court in Shanghai in a decision last week ordered a 20 percent discount in payment of rents in passing judgment on a case brought by the Lih Deh Realty Company against tenants living at Hwa Hsing Li, East Seward Road. The action was brought by the realty concern for recovery of back rents and the claim was undisputed by the defendants, except that they requested a reduction in rentals on the gounds of depressed circumstances and lack of business.

This decison may affect the S.A. Hardoon Company, who have three similar actions now pending in the First Special District Court. This firm has refused to reduce rents in compliance with demands made upon it by the First Special District Rent Reduction Association, and tenants in arrears, especially the three defendants in the actions now pending, have deposited the rental sums with the court, to be held pending the outcome of the trials.

"The Basic Conception of China" as Viewed by the Japanese Army

BY MAJOR-GENERAL HAYAO TADA

Commander of the Japanese Forces in North China

(This English version of "The Basic Conception of China" is based on two published translations, one in the Manchuria Daily News and the other in the Peking and Tientsin Times, and two Chinese translations, one done from the Japanese original published in the Keishin Nichi-Nichi Shimbun and the other from the original text of the pamphlet.—Editor).

CONTENTS

I. Foreword.
II. The Basic Conception of China Policy.
III. Japan's Attitude Toward China.
1.—It Should be Fair and Just.
2.—It Should be Followed by Force.
3.—The Squeezing Principle Should be Replaced by The "Giving" Principle.
4.—Independence and Honor of the Races Should be Maintained.
5.—Personal Relationship Should Give Place to the "Yea, Yea; Nay, Nay" Policy.
6.—Old and New Warlords and Other Squeezers Should be Wiped Away.
7.—The Professional Pro-Japanese Clique Should be Rejected.
8.—Superiority Conception Should be Discarded.
IV. Exposure of the Kuomintang and Chiang Kai-shek.
V. The Communist Movement in China.
VI. Importance of the North China Policy.
VII. Conclusion.
Analysis.

I.—FOREWORD

Ever since the Occidentals penetrated into the Orient, the attitude of the Powers towards China has been one aiming at her partition, or advocating international control, or attempting to enlarge their respective spheres of influence, or struggling for concessions and market. All these even at the present time present a lively aspect. It is true that such measures of aggression have changed with the times, as far as their contents are concerned, but fundamentally the policy of the Powers has remained the same, always for promoting their own prosperity by exploiting China.

Despite this fact, our Japanese Empire alone has, in pursuance of her national policy, consistently adopted the view of respecting the territorial integrity of China and maintained the principle of friendship and co-operation with China for the sake of co-existence and mutual prosperity between the two countries.

It is true that not only was Japan sometimes disposed to follow the example of Europe and America but some of her sons, on occasions, even loudly advocated the so-called "annexation" of China. These tendencies affected a section of the Japanese people with the result that their conception of China became diversified and inharmonious, which more than once obstructed the execution of our national policy. No small influence of evil nature was also exercised by such tendencies upon the masses of the Chinese people.

Nowadays when the Chinese sentiment towards Japan is aggravated, there is a need for us, the Japanese people, to examine carefully what have been the factors to cause this aggravation. In other words, it is necessary for us to return to our original national policy.

Let us observe the international situation that is changing before our eyes. The progressive change in the international situation may be regarded as a movement against the tyranny and high-handedness of the white people. It may be regarded as the beginning of a racial war for emancipating the colored people, who form the greater part of the human inhabitants of the world from the enslaving oppression by the whites and realizing equality and peace for all the human beings on earth. It may also be regarded as the beginning of a spiritual war for rectifying the material civilization of the West by the moral civilization of the East.

These two great missions from Heaven are the natural obligations which our Japanese Empire must bear. Japan has already taken the initial step towards the fulfilment of the obligations by assisting the new State of Manchukuo, withdrawing from the League of Nations and abrogating the Washington Naval Treaty.

In order to fulfill the great missions imposed by Heaven, our Japanese Empire must keep herself strong and upright. For, it will be impossible for her to care for others if she herself is weak and her perpetual expansion will be impossible if she does not properly employ the strength she has.

Viewed in this light, it is essential for the attitude of our Empire towards China to be in conformity with her national policy and the missions she has been charged with. In other words, the fundamental principle of the continental policy of our Empire must be to promote her own national expansion and at the same time emancipate the people of the Orient from oppression, give them an easy life and comfortable occupations, respect their independence, and thus promote harmony and co-operation with them, thereby establishing close and indivisible relations, political, economic and military, between her and these people.

When our Empire pursues this policy, she is following the path of justice in the eyes of Heaven, which is true and infallible in all places. This is the firm belief we, the Japanese people, entertain with a clear conscience. We must, in accordance with this belief, make, with intrepidity and valor, straight for the fulfilment of the Imperial Rescript issued by Jimmu-tenno, the first of our august Emperors, by helping our weak neighbours and bringing about real, everlasting peace in the Orient, in fulfilling the lofty missions imposed upon us by Heaven.

It is not too much to say that the success or failure of our efforts for a solution of the outstanding questions relative to China will prove the touchstone of success or failure of our endeavors for the fulfilment of the missions already referred to. The first stone has already been thrown in North China. We must not follow the old tendencies or resort to petty artifices. Instead, we must act fairly and justly, take measures that will convince all, hold aloft the justice of our cause, smash interference and injustice, and thus move ahead as the savior of four hundred million people.

The conception of China, entertained by all those who are, either directly or indirectly, engaged in the fulfilment of the sacred missions, must be corrected and unified so that they may not tread on the wrong path in the execution of the policy of our Empire towards China.

II.—THE BASIC CONCEPTION OF CHINA POLICY

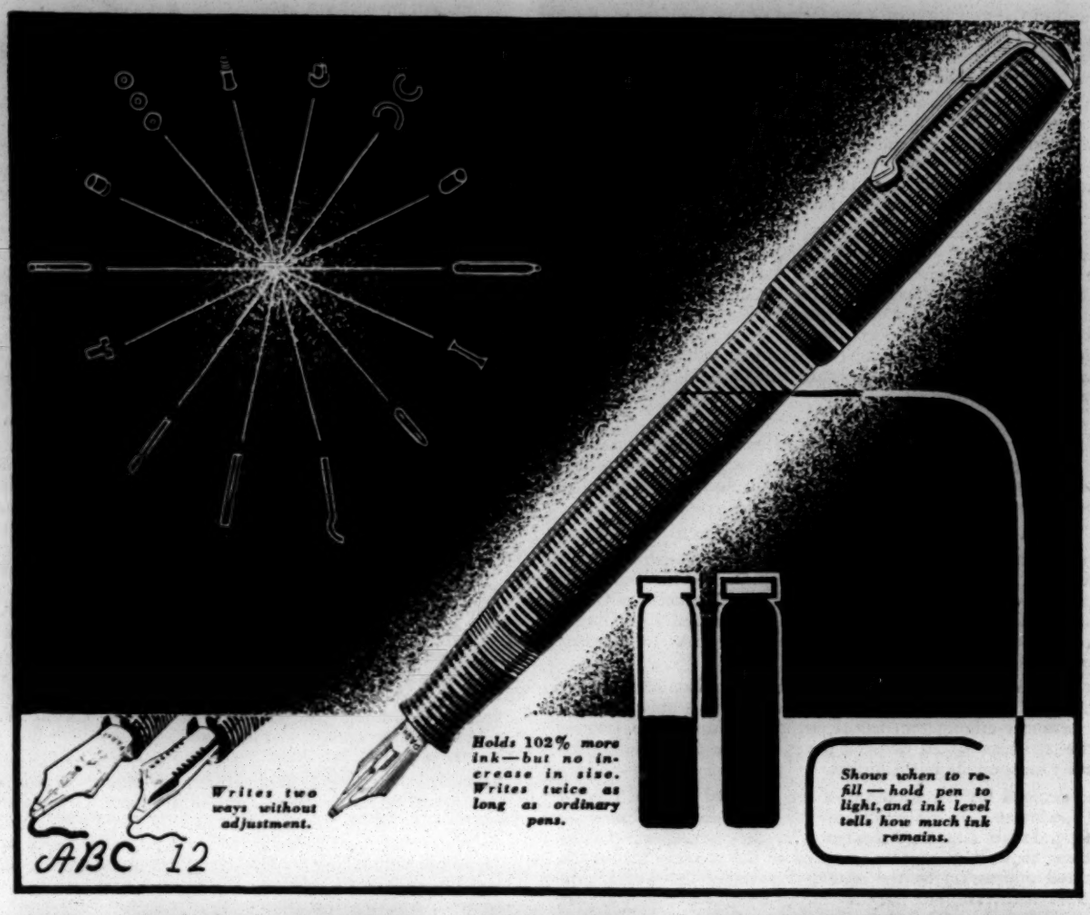
This humble work was born of the ardent wishes the author desires to express for the fulfilment of the lofty missions from Heaven. Let not any one slight this work as a useless argument based on empty theories. Devotion to work is the secret of success.

Needless to say, the policy of our Empire toward China must be based on our national policy which has as its object the maintenance of permanent peace in the Orient as well as our lofty missions, which command us to emancipate the people of the Orient who are groaning under the oppression brought to bear upon them by the white race. At the same time, the policy must be aimed at a proper diagnosis of the origin of the disease affecting China and the application of adequate treatment.

That the Chinese people have, for six thousand years past, been merely the objective of the "squeezing" policy of the Chinese statesmen, landlords and plutocrats is well illustrated by the facts on record. The ruling classes were merely absorbed in "squeezing" the masses without any intention of promoting their welfare. On the other hand, the masses had no confidence in the ruling classes and always regarded as a good government any regime under which the authorities did not interfere with their manner of life.

Since the beginning of the Chinese Republic, the Chinese masses have been subjected to "squeezing" by the warlords who never know a limit of greed or avarice and more recently to the increasing exaction by a new type of militarists made up of the Kuomintang faction led by General Chiang Kai-shek and the Chekiang plutocrats. Thus the Chinese masses are now suffering from the trials and tribulations of life. To make matters worse, natural calamities and disturbances by troops and bandits have occurred one after another, with the result that the agricultural districts are now directly heading for ruin. If the farmers do not turn bandits, they will certainly become Communists.

It is by no means going too far to assert that General Chiang Kai-shek and his associates in the Nanking Government are responsible for the greater part of the hardships of the Chinese masses. The policy of the Nanking Government is aimed at nothing internally, except squeezing and destruction, and externally at the attainment of its ends by following the classical Chinese strategem of "bidding up one Power against another," which is equal to digging a grave for itself. Special mention must be made of the attitude of the Nanking Government towards Japan in this connection. Forgetting the fact that China has narrowly escaped its partition or joint control by the Powers only because of the imposing presence of Japan, the Nanking Government not only fails to feel grateful towards Japan but regards her as its enemy. It is singularly outrageous that the Nanking Government should, not only infringe upon the legitimate rights and interests of our Empire but also go the length of intriguing, in direct or indirect conjunction with the Powers, against our Empire by taking advantage of the crisis confronting her.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Such action on the part of the Nanking Government is unpardonable on the ground of international ethics from the standpoint of its moral obligations towards its good neighbour, the Japanese Empire. At the same time, it is responsible for the untoward incidents which have occurred between Japan and China, especially the Chinese boycott of Japanese goods, which merely serve to increase the difficulties of the Chinese masses.

It is therefore no exaggeration to state that General Chiang Kai-shek and his associates may be regarded as the common enemy of our Empire and the Chinese masses as well as humanity, inasmuch as they not only have failed to realize the fact that China cannot exist without Japan but have always been absorbed in feathering their own nests by exploiting the Chinese masses.

Indeed, the salvation of the Chinese masses cannot be left to them. And the Chinese masses—there are as many as four hundred millions of them—are so badly in need of salvation that unless proper steps are taken at an early date, they may be thrown into an irremediable plight. Then, it is clear that our Empire, being in close relations with China will be affected to a great extent. This is the greatest of the roots of calamity to peace in the Orient and as such constitutes a matter for profound regret to both the Japanese and Chinese peoples.

From this point of view, the basic principle of the policy of our Empire towards China must be a thorough eradication of these roots of calamity and the salvation of the Chinese masses, with the ultimate aim of promoting co-existence and mutual prosperity between the two nations.

There may be some who are inclined to ask how Japan can spare her strength for others while she herself is facing so extraordinary a situation at home. To such a question, I would reply that it does not require heavy sacrifices to execute the policy of our Empire towards China if only proper means are employed. At the same time, we should not overlook the fact that the policies of our Empire towards Manchukuo and China produce immediate influences upon the situation in Japan.

III.—JAPAN'S ATTITUDE TOWARD CHINA

1.—It Should Be Fair and Just

The fundamental principle of the policy of our Japanese Empire towards China is, as already stated, the salvation of the Chinese masses and the promotion of co-existence and mutual prosperity between Japan and China. Therefore we, the Japanese people, must always have a clear conscience, maintain a fair and just attitude and strictly refrain from taking any action that would arouse suspicion about our attitude internally and externally.

Instances are not lacking of some who, while criticising the Chinese for their Machiavellianism, fall unconsciously into these evil practices themselves. Foul play is incompatible with the attitude of those who follow the Kingly Way. Furthermore, the Japanese are no match for the Chinese in such practices. Machinations may sometimes be necessary as an inevitable or desirable expedient but should not be regarded as a normal course of action.

We must act openly in our efforts to eradicate the sources of evil. Justice needs permanency as well as strength. So, our attitude must be always based on the principle of happiness for the

masses and in the execution of the mission of our Empire, we must not tolerate any obstruction, regardless of the nationality of those who produce it. Even in the case of our fellow countrymen, any unfair and unfust conduct must be strictly controlled.

A movement for the acquisition of concessions or rights, based on the so-called "snatching principle," the illicit manufacture and sale of narcotics, half-open smuggling by exporters and importers, even the travelling in trains through improper means—any such irregularity, committed by our fellow countrymen, would be a great stain on the prestige of our Empire.

Particularly, it must be regarded as an outrage for any of our fellow countrymen to misuse the prestige of our Empire and commit offences in broad daylight in defiance of the Chinese authorities, Such acts would compromise the reputation of our Empire as a staunch champion of justice and cause misunderstanding about the real motive of Japan's policy toward China; they would give rise to untoward incidents instead of proventing them. It is absolutely unpardonable for anyone to bring trouble upon our Imperial Army and our motherland.

Further, special care should be taken to avoid such action in a political movement as will be regarded as intentional intrigues by our Empire, for this would unduly arouse a feeling of unrest among the masses, impair their confidence in and cause suspicion even about the most lofty intentions of our Empire.

2.—It Should Be Followed by Force

In order to smash up wrong and injustice and punish stubborn ignorance, the employment of legitimate power is necessary. It is particularly so in the case of the so-called "intelligentsia" of China who, being given to Machiavellianism, have misused their moral sense. Of course, power must be exercised with the utmost prudence lest it should be marred by errors.

Wrong doing and injustice, unreasonable, unilateral demands made through force for the purpose of carrying our a policy, would cause resentment among the masses, which in turn would lead to such racial strife as would prove a great obstacle to the fulfilment of the lofty mission of our Empire.

The demand for the abolition of the so-called unequal treaties and the movement for the overthrow of Imperialism are based on the egoistic ideas of Chinese statesmen who place wrong above right but in some sense they may be regarded as the reaction against the unwarranted oppression by the leading Powers of the world. As instances of such resistance are not far to seek, we must consider the matter carefully. The necessity for careful consideration of the matter is felt all the more keenly because the great missions our Empire has to fulfil are based on the lofty ideal of bringing about permanent peace in the world and the propriety of the methods of fulfilling these missions will immmediately affect the trend of mind of the weak, small nations of the world.

In short, we must exercise our power just as we use the sacred sword against evil. Our power should not be exercised unless justice and a clear conscience commands us to do so. When our power needs to be exercised, we must exercise it in a decisive manner and without hesitation.

2.—The Squeezing Principle Should Be Replaced by the "Giving" Principle

As the ultimate aim of co-operation between our Empire and China is co-existence and mutual prosperity for the two nations, we must discard the "policy for squeezing" which is a legacy of European and American capitalism. The present standstill of Western material civilization shows the stupidity of retaining such a legacy. Moreover, our Empire must take its own course of action as her continental policy is to save the human race in accordance with the dictates of morality. What is that singular course of action to be followed by our Empire, then?

The answer is the adoption of the principle for "giving." It is necessary to give "medicine" and "nourishment" to save the exhausted, impoverished and starving Chinese masses. To be more plain, it is necessary to give the Chinese masses capital, technique and work so as to make their existence secure, and then give them reserve livelihood and purchasing power.

It is clear that the Chinese masses, given happiness in life, will spontaneously come into indivisible mental and economic relations with our Empire. Then it will not be impossible for China to become a market for the products of Japan and a source of the supply of raw materials. This will promote the mutual well-being of the two nations and thus serve to realize the principle of co-existence and mutual prosperity between them.

It would be a great anachronistic error, of which there are many instances, and a foolish act of one who is behind his times, to disregard the changing realities of the world and resort to the oldfashioned method of adopting the selfish principle for squeezing rights and concessions for one's own benefit. If on the other hand a country should proceed courageously in accordance with the principle which has been mentioned above, she would become the object of admiration for the weak races in the world and would be chosen the leader of an alliance without any effort on her own part. A country that may be called a great nation should ake the principle of "giving" as a foundation to rid herself of evils of selfishness. That is, she should act with grace from a high position and possess such a magnanimous quality as to respect and tolerate the races with which she deals. This is an indispensable condition upon which she can succeed in giving consolation to foreign races.

4.—Independence and Honor of the Races Should Be Maintained.

It is an instinct of all races to desire the maintenance of their honor and the realization of their independence. This accounts for the fact that the colonies of the European Powers that have reached economic maturity are seeking to shake off their yoke and become independent.

There are small countries which have declared independence since the Great War that now hope to be annexed on some reasonable basis owing to financial difficulties. On the other hand, there are others that after swallowing other countries or races have fallen into a disadvantageous situation because of their administrative and financial burden. From this point of view, it becomes clear that if the continental policy of our Empire confines itself to territorial expansion, her strength will be decreased. For the same reason, she adopted the new principle of "independence" when Manchukuo was about the be founded.

It may be safe to state positively that all the thinking minds of our Empire are far away from such anachronistic ideas as advocacy for the annexation or invasion of China. However, we cannot overlook the fact that there were some among our ignorant fellow countrymen, whose speech and conduct indicated that Japan intended to make Manchuria a second Korea and created suspicion among the inhabitants of Manchuria and produced bad effects upon the administration of that land.

We must be as cautious as possible against such reckless speech and conduct in view of the misunderstanding some of the Manchurians entertained for a time about the real intention of our Empire as well as the distorted propaganda certain Chinese statesmen have conducted among the ignorant people in China in order to aggravate their enmity toward Japan.

It should be especially noted that the Chinese are a nation who value their "face" to a great extent. It dealing with such a nation, we should be all the more cautious to make the utmost efforts to clarify the real intention and attitude of our Empire and thus give them to understand sufficiently the fairness and justice of the action Japan has been taking for the promotion of the welfare of the people and removal of all the common enemies that attempt to prevent us from realizing our object.

5. Personal Relationship Should Give Place to the "Yea, Yea; Nay, Nay" Policy.

How much success has been achieved by employing the most convenient method of dealing with China through hypnotizing the leading personalities of the hour, when the Chinese military was at the zenith of its power? Failures in the past were all due to our over-confidence in personal elements and disregard of general welfare. It was very unwise to counteract one evil by aiding another, thereby giving rise to the resentment of the masses.

In the fulfilment of the great mission of our Japanese Empire, we must see to it that the principle for happiness and well-being of the masses is not compromised by consideration for individual personal gains. Otherwise we would prove disloyal to our principle and repreat our failuress.

Too much consideration of friendship being their weakness, the Japanese people are wont distinguish between the familiar and the unfamiliar and the good and the evil among those with whom they have been associated. The worst is that we have been played tricks upon by the Chinese warlords gifted with social diplomacy, or have served as their agents, have been utilized to do propaganda work to cover their evils, or have passed wrong judgments based upon wrong facts. Moreover, there has been no permanency in our personal relations with them for the reason that we have been subject to their whims and fancies. Nay, we have suffered from bad effects, which problem we should not overlook. Therefore, when we enforce our China policy, we should build it on the conception that the masses are our objective and that the ideas of individuals and the results of their deeds, but not the individuals themselves should be regarded as our norm of adoption, and thus it will not be in the least affected by personal sentiments.

6.—Old and New Warlords and Other Squeezers Should Be Wiped Away

It is unanimously recognized that the old-fashioned warlords constitute a social evil because they never paid attention to the weal of the masses and what they did was to squeeze the people for selfish ends and personal feuds. In the course of time they have degenerated, and at present the majority of them has been crushed by the new militarist Chiang Kai-shek, the minority being a few who are barely maintaining their positions and such. Particularly, those in North China are surviving under the pressure and supervision of the Central Government and in obedience to its desires on the one hand, and on the other are wishing to prolong their mumbered days in order to do a little more squeezing. Except in a very few cases, they have lost their former spirit, which manifested itself in being daring enough to be independent in their respective areas in defiance of the central authority, with the hope to rise to a commanding position at an opportune movement.

Outwardly it may seem as if the remnant of militarists and the new militarist clique are united in such a way as would give hopes for the achievement of a great task. The truth, however, is to the contrary. Indeed, as their generous feeling and courage have dropped to zero, it is impossible to expect the Chinese militarists with conflicting interests to unite themselves sincerely for the realization of a really worthy aim—worthy in the matter of public welfare. Such a truth is proved by history and particularly by the behavior of the new militarist clique, which will soon meet its doom.

That some of the Chinese militarists are submitting themselves to the prestige of our Empire and showing an ingratiatory attitude toward us must not be taken at its face value. In most, if not all cases, they are doing so because they consider it an expedient for maintaining their positions. It should be noted that they never act in accordance with a definite principle or belief, or enthusiasm.

There appear to be some who still attempt to utilize the militarists by giving them arms and funds, thinking that it will make some contribution toward the promotion of the economic expansion of our Empire. Such an idea is entirely mistaken. Not only can it hardly be regarded as appropriate; it runs counter to the fair and just policy of our Empire.

Since the remnant militarists are more than useless to us, what we must do now is to co-operate with the Chinese masses for the development of their country and guide them in such a way as will eventually do away with militaristic evils. It is impossible to wipe out the militarists all at once in this period of transition, so we should first let them continue their wretched life and follow the instructions of the Empire. But here we must strictly guard against errors that would enable them extend their influence or help the new militarists to grow.

7.—The Professional Pro-Japanese Clique Should Be Rejected

Again, there is a group of Japanese-returned students who have mastered the Japanese language as a means of money-making and sustenance and who avow themselves friends of our Japanese Empire. They stand between the authorites of the National Government and Japan, professing eloquently to have the intention of helping promote friendship and co-operation between the two nations with a view to obtaining the favor of our officials. The fact, however, remains that they are "schemers for softening Japan" on account of their attempt to appease the Japanese attitude, if not secret agants whose duty it is to find out the inclinations and attitude of our authorities. If we should hypnotize them to carry out the view of our Empire, the result would likely do harm to our judgment. Worse than that, our views would be modified by their insinuations, their solicitations, their supplications so as to look like a buffer between the Chinese and ourselves. The cause is that their happy knowledge of the Japanese language and Japan is not for Japan, but for themselves. From the Japanese standpoint of view, their presence is not an asset.

How absurd it is that the Japanese, officials and people alike, should regard them highly as if they were saviors! It is a great mistake to call one group of the Chinese leaders a "pro-Japanese faction" and another an "American-European faction" because there is only one faction which is termed by some as the "Chinese faction for the Chinese."

As a matter of fact, those who have a true understanding of the general situation and feel the need for collaboration between the two countries are not necessarily limited to the pro-Japanese faction; some such persons may be found in the American-European faction. It is farcical to classify through colored spectacles the pro-Japanese elements and the American-European into good and bad persons. As we are only their instruments, the result will not be favourable to us. To be brief, we should henceforth base our observations and dealings on facts and get rid of the idea that man is our unit of measure.

Moreover, the so-called pro-Japanese Chinese are much inferior even to the inferior element of the American-European faction as far as their power and financial standing are concerned. Under the present circumstance, Chiang Kai-shek is making use of them simply because of the necessity of such an expediency.

To sum up, it is most foolish to try to promote the desired Sino-Japanese co-operation through the "pro-Japanese professionals." Instead, we must deal directly with responsible persons in order to make a definite decision and know what is black and white. In other words, it is to be understood that at present the buffer, though a necessity to China, is a thing harmful to Japan. As these professionals are still very active in various places, the Japanese, who are not handy with a foreign language, are making use of them for the sake of convenience, but have unconsciously fallen into their tricks. Attention should be called to the immensity of such evil results.

8.—Superiority Conception Should Be Discarded

One of the grievances entertained by the Chinese is that some of the Japanese look down upon the Chinese with contempt and irritatingly display their sense of superiority. It goes without saying that in comparison with the Chinese we should uphold the sense of superiority, but it is not the way to hold the Chinese in submission by abusing that sense to the degree of contempt.

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Above all, it is not the proper attitude of our people as a great nation,—and it will be frowned upon by any person,—to despise and threaten the Chinese and to commit such irregularities as dealing in contraband and taking trains or cars without paying fares as some of our undesirable fellow-countrymen living in China are doing.

Those who display the sense of superiority in the presence of the Chinese show that they are not better than the Chinese. It is those persons with the genuine sense of superiority that elevate themselves and respect and protect the personality of the Chinese. In other words, it is proper and fitting that we should adopt the generous airs becoming to the citizens of a great nation. In this way, the Chinese will willingly treat us as elder brothers or teachers. It should be particularly noted that even in the administration of Manchukuo the superficial sense of superiority will prove an obstacle to the rapprochement of the two nations and the adoption of the continental policy.

Let us repeat that the basic principle of Japan's policy toward China, based as it is on the Empire's great missions, which consist of the salvation of the world and humanity, is for the salvation of the Chinese people and the promotion of co-existence and mutual prosperity between the two countries. Under the conviction that this will bring about permanent peace in Eastern Asia, we must go ahead straight for the fulfilment of our great missions, firmly resolved to surmount whatever obstacles may lie in our path.

IV.—EXPOSURE OF THE KUOMINTANG AND CHIANG KAI-SHEK

In carrying out the above-mentioned policy in China there is a great force of obstruction. It is the force created by the Kuomintang headquarters and the regime of Chiang Kai-shek. Reports have been circulating lately that Chiang Kai-shek has shown repentance and turned pro-Japanese, and those of the masses who consider these reports as possible to come to realization are mistaken in supposing that he has succeeded to a certain extent in the concentration of power and that with the attitude of the leading figure changed, all his associates and subordinates can follow suit. Is all this not a mixture of dreams and realities? As it is natural that no unanimous agreement is possible in all abstract discussions except in mathematics, so it follows that one should not force another to recognize the premises or conditions preceding a conclusion. But if these premises are well adjusted, their conclusion will naturally become unanimously accepted. We can not afford to overlook this important factor in connection with the unification of Japan's principle (concerning China). For our reference, therefore, we should study and discuss the reason why Chiang Kai-shek and the Kuomintang cannot stand side by side with Japan.

We need not discuss here whether or not the motives behind "Abolish Unequal Treaties" and "Down with Imperialism" advocated since the inauguration of the Kuomintang are pure and proper. But when these slogans had succeeded in becoming a sort of belief, or creed in the minds of Chinese young men, (who are regarded as patriots,) during the period of more than ten years since their introduction, the "Manchurian Affair" broke out. A large piece of territory was lost. All the hopes for its recovery have encountered a sudden, severe check. These young men have completely lost their "face." The leadership and policy of the Tangpu (the organ of the Kuomintang) have received a deadly blow, which has caused resentment and hatred to the degree easily imaginable.

Besides, Chiang Kai-shek himself has repeatedly proved unfaithful to Japan. It is a fact that since the "Tsinan Incident" he has been in friction with the Japanese influence. The Kuomintang, after repeated party-purge movements, has become the party of Chiang Kai-shek. It is wrong to have the impression that Chiang and the Kuomintang are separated and separable.

As already revealed, the new militarists associating with the Kuomintang and the Chekiang capitalists have resorted to the worst extortion of the Chinese people ever experienced in China. It needs no explanation that these squeezers of the masses cannot work together with Japan, whose aim is to promote the welfare of the masses. Therefore, it may be considered as a futile observation that Chiang Kai-shek, being an opportunist, will change his attitude when the general situation becomes unfavorable. For such a change would spell submission, which act has the possibility of leaving behind a bad reputation for an indefinite period of time. Simultaneously, it would result in a complete alteration of the principle that has been made a creed, and that would be as bad as suicide. Moreover, Chiang Kai-shek, T. V. Soong, H. H. Kung and Chen Kuo-fu are loyal members of the Chiang-Soong clique. Their relations with the Chekiang capitalists and with British and American interests and their personal deposits largely in the British and American banks, all these and other factors clearly indicate that this clique is unable to shake hands with Japan, whose interests run counter to its interests.

Then there are evidences showing that in spite of the mandate of the National Government calling for friendly relations with Japan at the conclusion of the North China incident, anti-Japanese work continues in the dark, such as the disturbances caused by the Tangpu and the remnants of the Blue Shirts, the anti-Manchukuo acts secretly carried out by the Branch of the Military Affairs Commission, and the work directed in secret by the Ministries of Industry, Railways, Finance, etc. of the Nanking Government to prevent Sino-Japanese co-operation. Both Chinese inhabitants and Japanese residents in North China are greatly disappointed in their hopes for a clarification of that part of the country. Granting that the responsible persons would alter their attitude, it is feared that they can hardly change their protection color immediately. Nor is it easy for the lower social strata to uproot overnight the anti-Japanese ideas in which they have been steeped. Given a suitable length of time, they may be able to show better results. Yet it is regrettable that from the reliable evidences of their anti-Japanese actions in North China as have been given above, they have to be ajudged as entirely insincere.

Those friendly inclinations toward Japan will not reap any fruitful result unless they find expression in facts or deeds. Moreever, they are, as is proved by those facts mentioned in the foregoing, only vague tactics to put off the existing difficulty. Therefore, even if the Chinese recognize Manchukuo and discuss a certain number of outwardly vague tactics either under the pressure of Japan's force or on conditions mutually arrived at, they will, at a favorable moment, when the international situation undergoes some change, rely upon foreign influences to retaliate and attack us with slogans such as "Abrogate the Unequal Treaties" and "Restore the Lost Territory." Of all this we should be aware. The change or maintenance of their present attitude, being a matter of prediction, should not be forced upon them, but if we blindly pass those judgments that are profitable to us and hope for those things that are not to be hoped for, we shall fall into their tricks. In the event of a crisis, we shall be confronted with dangers which we can easily imagine.

In brief, the relation between Chiang Kai-shek and his clique on the one hand and Japan on the other stands like this: unless our Empire be brought to submission, the causes and effects of her incompatibility with Chiang Kai-shek should be removed.

V.—THE COMMUNIST MOVEMENT IN CHINA

The Red menace in China began with the incorporation of the Communist elements in the Kuomintang. Chiang Kai-shek has repeatedly ordered party-purge movements since 1927 and succeeded in some measure, but Communist thoughts still prevail among the lower ranks of the Kuomintang. Although Chiang Kai-shek and his principal associates have degenerated into new militarists of a capitalistic character by joining hands with the Chekiang financiers, their organization, form, activities, etc., do not quite differ from those of the Communists. Consequently, Chiang Kai-shek has not obtained any result of importance after years of the anti-Red campaign. Complete suppression has become just as futile as pressing a rubber bladder half filled with the air, which will not break but swell up on one side when you apply pressure on the other. In fact the Red menace will become more serious, with the possible threat of the realisation of the north western link of Szechwan, Tsinghai and Sinkiang, as desired by the Third International. It may not be too much to express the suspicion whether Chiang Kai-shek is conducting the anti-Red campaign in earnest or not.

Fundamentally, the Communist Party of China, especially what is known as Communist-bandits, is different from the Communist Party of Soviet Russia in purpose. Its chief characteristic being the fact that its members are largely peasants, it may just as well be regarded as an organized force formed in consequence of the maladministration of the Kuomintang, by poverty-stricken peasants and anti-Kuomintang elements with the object of finding the means of living with the aid from the real Communist Party. As for the Communist Party of Soviet Russia, naturally it is directing this force with a view to extending its influence. It is obvious that the longer the maladministration of the Kuomintang is allowed to continue, the poorer the peasants will be and the more wide-spread will the Communsit-bandits become.

Whether China should be bolshevised has been the subject of much discussion since the time of the advent of the Kuomintang. Apart from the rebellions for dynasty changes in the history of China, there is a general impression among the lower classes of the people that they are entitled to follow the troops in the division of the wealth of the rich (to say nothing of the powerful landowners and corrupt gentry) in times of civil strife. This is tantamount to the initial idea of Communism. On the other hand, the Communist leaders of to-day, while directing their subordinates and the masses on lines of Communism of a primitive nature, are themselves enjoying a share of the spoils. This fact is sufficient to show that they are degenerating into a sort of militarists, and it may be further pointed out that if there is none of such spoils as their object, they may possibly become entirely degenerated. Communism in Russia is only possible under the strict pressure of the Ogpu and the Red Army. In China, however, such controlling organs can not exist, the failure of the Blue Shirts of Chiang Kai-shek being an example. It is, therefore, doubtful whether a true Communist regime can be set up throughtout China. Judging from the Chinese national character, even if Communism takes the whole of China by storm, it will of necessity die out like a storm. But the pain and sorrows to be inflicted upon the masses at the stage of chaos and the serious effects upon our Empire will not permit us to adopt the attitude of "watching a fire on the opposite bank of a river." Particularly, precaution should be taken against the tactics that Soviet Russia

employs in using the Reds in China as tools in plotting against our Empire.

Since the rampancy of the Communist movement, especially of the communist-bandits in China, is, as told above, the result of the maladministration of the Kuomintang, the remedy lies in reforming its corrupt government, that is, lightening the burdens of the people, saving them from further oppression, and at least safeguarding their means of living. It is the common object of the efforts of both the Japanese and Chinese peoples to check the Communist menace, relieve the masses of China, and effect a radical improvement of the existing administrative system. The organization of the Kuomintang, as previously stated, is more or less similar to the Soviet system. China is, therefore, more likely to become pro-Russia than pro-Japan at the end of her resources, contrary to the anticipation of some Japanese people. Latest information indicates that symptoms to that effect are not lacking. Attention should be drawn to clear evidences that Chiang Kai-shek is seeking an alliance with the Soviets, receiving the latter's assistance in an attempt to impair the policy of Japan.

In a word, though no worry need be attached to the Communist Party of China, the activities of Soviet Russia in making use of that party and thereby bringing pressure to bear upon the Japanese Empire should be watched carefully in order to avoid errors. To minimize the activities of Communism, it is necessary to enable the Chinese peasants to rid the masses of all the possibilities of being bolshevized, and the requisite condition of this is improvement of the administrative system.

VI.—IMPORTANCE OF THE NORTH CHINA POLICY

It has been stated previously that as long as Chiang Kai-shek and his clique continue to dominate China, there can be no hope of the adoption of a friendly policy toward Japan within their sphere of influence,even if Japan holds a fair and just policy. Therefore the Japanese Empire should act independently and disregard their pretenses by starting to create a paradise for co-oxistence and mutual prosperity between the two countries out of a zone where the China policy will be adopted. That paradise will be extended by degrees to such an extent that China will have to change her attitude sincerely or even they (Chiang and his clique) will not be permitted to exist.

North China at present is the district where the above-mentioned policy can be most easily and quickly carried out. At the same time, it undoubtedly constituted the zone of necessity. So the first step to enforce the national policy is to make North China a land of peace where the Chinese and the Japanese can live in peace and enlightenment, a market where Chinese and Japanese commodities and captial will not be subject to jeopardy but circulated freely —a paradise for co-existence and mutual prosperity of the two nations. Such a step will help the healthy growth of Manchukuo in the north and demonstrate to that part of China lying to the south that the happy state of mutual dependence for existence and the cooperation among Japan, China and Manchukuo with the Empire as the centre of gravity can warrant peace in Eastern Asia. Such is the importance of the North China question, upon which depends the success of the outward expansion of the Japanese Empire.

VII.—CONCLUSION

The Imperial Rescript issued by Jimmu-tenso, the first Emperor of Japan regarding his government reads as follows :— "In following the virtues conferred upon myself by the Heaven and the promptings for bringing up my subjects, I should embrace the universe and dominate the corners of the earth." This reveals that our Emperors have regarded the virtues of justice and righteousness as the basis of government. Acting upon these virtues, they have been internally building a righteous nation and externally hoping in earnest for the unification of moral forces in the world. It becomes evident that in this is embodied the spirit of our government and the belief of the (Yamato) race. In regard to the oversea expansion of our Empire, we may look back into history and find that in spite of a few instances of success in stopping upon the continent we have met for inevitable reasons many reverses and withdrawals, such as the conquest of Korea by the Japanese Empress Jingo (in A.D. 200), the establishment of the Nihon Fu in Mimana (in 32 B.C.), the invasion of Korea by Toyotomi Hideyoshi (in 1592) and, more recently, the attack on Tsingtao (in 1914) and the expedition to Siberia (in 1918). Should the present movements of expansion like the founding of Manchukuo and the development of North China fail, we would not only retreat from the continent, but the destiny of the nation and the people would hang in the balance. We should, therefore, study the causes of our past failures and not repeat our errors. Without going into details, we must take up the following as our motto :—

1. As an individual and as a nation we need to have a dauntless spirit to push forward under any circumstances.
2. As an individual and as a nation we cannot realize coexistence and mutual prosperity unless we have acquired the magnanimous spirit of reflection and self-reproach.
3. The life of the Japanese nation should run as prosperously and everlastingly as the life of the earth and we should not be governed by immediate profits and losses to hasten our success.
4. Regarding the expansion of the Japanese Empire we should stand firm on our ground and adopt the policy of "ascending step by step" (and sometimes a few steps at a stretch). Once

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ascending, we are bound not to fall down. We should not place ourselves in the position of one who rides an elevator, descending as fast as ascending.

To sum up. in order to carry out our belief in conformity with the great spirit of our government we must posess these factors: justice, patience and courage.

⁂

An Analysis

(Contributed)

Major-General Hayao Tada, the officer commanding Japanese troops in North China, recently advocated a violation of China's territorial integrity when introducing a pamphlet which began with the text that Japan was the only country that respected China's territorial integrity! This remarkable paradox might appear to be a malicious perversion, but Gen. Tada's utterances have not been denied, and the pamphlet speaks for itself.

It may be recalled that Gen. Tada recommended that North China should become politically and economically independent of Nanking, that Generalissimo Chiang Kai-shek and the Kuomintang should be overthrown, and that the National Government should be compelled to abandon its dual policy of professing friendship for Japan while resisting Japan's overtures for friendship and relying upon distant nations.

In effect the Japanese military officer counselled the northern provinces of China to revolt from Nanking and form an "independent" administration under the protection of the Japanese army. The question naturally arises whether, in making such a proposal, Gen. Tada was committing a genuine or a calculated indiscretion. The point is well worth considering.

The apparent anxiety to minimize the shock of a high Japanese military officer counselling rebellion against the National Government of China would seem to give color to the belief that he had, so to speak, exceeded his terms of reference. It will be remembered that in view of the furore that followed the publication of the reports of his speech and of the character of the pamphlet, it was explained:

1.—That the Japanese journalists who were addressed by Gen. Tada had violated confidence.

2.—That only the personal views of Gen. Tada had been expressed.

3.—That a junior staff officer had drawn up the pamphlet, with which Gen. Tada did not altogether agree and that it had been issued to the journalists merely for their guidance as indicating what Japan's future policy might be.

Naturally, as the explanations were contradictory, and had apparently been rapidly evolved in succession to meet a developing situation, it might be assumed that Gen. Tada recognized that he had been indiscreet. On the other hand the theory that Gen. Tada was merely releasing a trial balloon cannot be excluded. A precedent for this can be found in the Amau statement of April 17, 1934, which caused so much resentment in America and Europe that Foreign Minister Hirota begged at a later stage that it should be considered "officially non-existent." Certainly it is by no means incredible that Gen. Tada was simply endeavoring to ascertain the force and direction of the international political wind.

Whatever the truth may be in this regard, it is significant that a conference of staff officers of the Imperial General Staff at Tokyo, the Kwantung Army and the Japanese garrison in North China held at Dairen about two or three weeks later came to important decisions that crossed the t's and dotted the i's of Gen. Tada's pronouncement. These decisions were reliably reported to be:

1.—That plans should be pushed for the conversion of North China into a "Sino-Japanese co-operation area, "and that at the same time the Chinese Government should be presented with a demand that all causes of trouble in the north be uprooted.

2.—That, in the event of the Chinese Government failing to satisfy this demand, the Japanese Army should insist on the "divorce of North China from Nanking, including the withdrawal of Central Government troops and complete severance of financial relations with Nanking."

3.—That, inasmuch as the Gentral Government at Nanking was recognized by the Powers, Japan should deal with that administration, but only on condition that its dual diplomacy—co-operation with Japan on the one hand, and resistance on the other—should be abandoned.

The conclusion that might be drawn from the above is that the Japanese army openly claims the right to speak for Japan, quite independently of the Japanese Foreign Office, and that Gen. Tada's utterance of September 25 was a preliminary intimation of a policy already decided upon by the Japanese military party. There can be little doubt that when the requests, recommendations, or whatever euphemistic appellation is given to Japan's demands, are presented, they will be in accordance with the decisions of the conference of military men.

Before analyzing the pamphlet, it would be as well to re-emphasize the contention that Japan's foreign policy is dictated by the military party and not by the Foreign Office. The necessity of thus stressing the domination of the Japanese militarists, arises from the alacrity shown in some quarters to seize upon reassuring statements made by Japanese diplomats as a proof that Japan has no malevolent designs. To go back no further than 1931, it was clearly shown that, regarding Manchuria, while the Foreign Office repeatedly made promises, the army has repeatedly ignored them. A recent instance of the absolute domination of the army and navy ministers over their civil colleagues was supplied when these ministers threatened to wreck the Government unless their views on a question of imperial status were adopted. Their civil colleagues obediently came to heel.

The foreword of the pamphlet opens with a vicious attack upon all Occidental nations. It is declared that they desired the partition of China, the extension of spheres of influence and the acquistion of concessions and markets. Although methods had changed, fundamentally the policy of the Powers, it was claimed, remains the same—the exploitation of China to promote their own prosperity. In striking contrast was the attitude of Japan. She alone had consistently respected the territorial integrity of China and maintained the principle of friendship with her.

Publication of facts so clearly contrary to fact and so easily refuted is proof of the singular mentality of Japanese militarists. The writer of the pamphlet shares with the whole world the knowledge that China appealed in 1931 against a violation of her territorial integrity by Japan and over forty Occidental nations came to the decision that Japan had indeed committed that offence. He knows, and everyone else knows, that China is studded by Japanese concessions and that Japanese has steadily refused to follow the example of Russia, Great Britain and Belgium in returning some or all of their concessions to China. He knows, and everyone else knows, that of recent years Japan alone has treated China with marked unfriendliness.

It would be unprofitable to discuss further the glaring perversions of fact with which the pamphlet opens. To do so would be to insult the intelligence of the most ill-informed reader. Let us proceed to a consideration of the "two great missions from Heaven" which we are told are the "natural obligations which our Japanese Empire must bear." The first of those missions, apparently, is to head a "movement against the tyranny and highhandedness of the white people" and a "racial war for emencipating the coloured people, who form the greater part of the human inhabitants of the world, from the enslaving oppression of the whites." The second mission is less bellicose and concerns the rectification of the "material civilization of the West by the moral civilisation of the East." The pamphlet mentions that "Japan has already taken the initial step toward the fulfilment of the obligations by assisting the new State of Manchukuo, withdrawing from the League of Nations and abrogating the Washington Navy Treaty."

The citation of those three steps, which the writer undoubtedly believe to have divine approval, is another illustration of the impossibility of following Japanese reasoning. Over forty nations have condemned Japan's action in regard to the establishment of the new State as immoral and indefensible; over fifty nations regard the League as a potent factor in preserving world peace, and Japan was the only signatory of the Washington Naval Treaty—which has secured peace in the Pacific for a decade and a half—that desired its abrogation. Yet the Japanese militarists genuinely believe that the three steps which jeopardize world peace that Japan has taken are approved by Heaven!

It would be unwise to minimize the danger to the world when a nation sincerely believes that it has divine approval of actions that are in deliberate violation of solemn engagements and are contrary to the principles of morality adopted by the other civilized races of the world. History shows that fanaticism of this kind invariably leads to a firm belief that the end justifies the means. The Japanese, or a majority of them, undoubtedly believe that they are the Chosen Race. This belief, by the way, is no new thing. It sprang into existence over two thousand years ago when the emperor Jimmu claimed to have a divine mandate, but it was first put into concrete form in 1858 by Lord Hotta, prime minister of the Shogun's Government's. Japan at that time had a dual form of government, that of the Emperor at Kyoto and that of the Shogun at Tokyo. Lord Hotta, while endeavouring to persuade the Imperial Government to abandon the policy of seclusion, pointed out that if this was done Japan would in the future become "ruler over the whole world and the national prestige and power would be so enhanced that the nations of the world will come to look up to our Emperor as the great ruler of all the nations and they will come to follow our policy and submit themselves to our judgment." No direct reference to divine inspiration seems to have been made, but it was implied. The writer of the pamphlet re-echoes the beliefs of Lord Hotta when he says: "Our empire must take its own course of action as her continental policy is to save the human race in accordance with the dictates of morality." What the "dictates of morality" may be of course Japan would determine. It is of interest to note that elsewhere he said that the "fundamental principle of our continental policy must be to promote our own national expansion." The emancipation of oppressed races would seem to be a secondary consideration.

The world then has to face the fact that a powerful nation has the fanatical belief that it has been chosen by Heaven to reform the rest of the world. Just as Charles I of England demeed that there was nothing immoral in breaking promises to his parliament, as it was an inferior body while he was the Lord's anointed, so does Japan believe that there is nothing immoral in breaking international treaties to which she is a party if her "divine mission" can be thereby more rapidly fulfilled. Indeed the writer of the pamphlet hints as much when he says: "Machinations may sometimes be necessary as an inevitable or desirable expedient, but should not

be regarded as a normal course of action." It is not an unfair conclusion that the firm conviction of the Japanese that they are divinely inspired saves them from any sense of shame when they are condemned by world opinion. As they are divinely inspired it is for them to decide what is right or wrong. And a natural extension is that what would be wrong in the rest of the world is right in Japan.

A realization that Japan really does hold the views outlined above will help to explain much that would otherwise seem inexplicable, It explains why Gen. Tada could advocate a violation of China's territorial integrity and in the same breath declare that Japan had consistently respected China's territorial integrity. It explains why Japan immediately after her seizure of Mukden, and repeatedly thereafter, promised to withdraw her troops to the railway zone while the was engaged in sending them further and further from the railway zone. It explains why she promised not to bomb Chinchow and a little later subjected that city to aerial bombardment. These broken promises were merely some of the "machinations" that the writer of the pamphlet holds "may sometimes be necessary as an inevitable or desirable expedient."

The reader is counselled carefully to study the pamphlet if he thinks that the description of Japan's beliefs and aims is too preposterous to be accurate. He will find that references to the lofty missions from Heaven are numerous. One of these missions, as already pointed out, is the conquest of the white races. Among other statements on similar lines, the pamphlet declares "in the execution of the missions of our empire we must not tolerate any obstruction, regardless of the nationality of those who produce it."

The policy advocated by the all-powerful Japanese military party with the, perhaps, reluctant acquiescense of the Japanese Foreign Office, has been described as "new." Of course it is nothing of the kind. It is simply the consistent development of the policy that changed Korea from a tributary state of China's to an independent nation and subsequently into a Japanese colony; the policy that detached Manchuria from China and made it an "independent state" functioning under the direction of a Japanese army of occupation. In a word the policy is that of progressively weakening China territorially and financially and thus rendering easier her final conquest.

Reference must be made to the ferocious attacks made in the pamphlet upon the National Government of China and upon Generalissimo Chiang Kai-shek in particular. The Kuomintang is also painted in the darkest colors. After studying these attacks the conclusion is inevitable that the excuses that will be forthcoming to justify "positive action" have already been carefully prepared. Quite evidently the Japanese have become alarmed at the success of the New Life Movement and the evidences that are forthcoming of the rapid growth of a genuine national sentiment in China. Japan recognizes that the development of national consciousness amongst the Chinese will doom her grandiose apsirations for expansion to failure and she is determined to prevent it by every means within her reach. The sixth section of the pamphlet openly advocates the opening of successive "paradises" under Japanese control and the elimination of "Chiang and his clique."

Foreign countries are not likely to overlook the results which will certainly follow the carrying out of the Japanese military program of detaching North China from the Republic. The security of loans based upon the Customs and salt revenues will be further materially lessened. The revenues from Manchuria have already passed out of China's hands, and if another independent state is created by Japan in North China the National Treasury's share in the revenues therefrom would be withheld and a situation might arise in which default upon foreign loans would become unavoidable.

Moreover foreign merchants in North China are well aware that when the Japanese come in they close the door of equal opportunity behind them. It is notorious that Japanese smuggled goods have been inundating North China. They are smuggled in from the puppet state and sold at prices with which honest traders, including Japanese firms, cannot compete. This smuggling is mostly conducted by low-class Japanese and Koreans who are protected by their extra-territorial status. Should another puppet administration come into existence, Japanese goods will be smuggled further afield—into Shantung, Hunan and even Kiangsu. What is threatened, in brief, is the entire destruction of American and European commercial interests in the whole of China. Their political interests have already been sapped by the Japanese declarations—made with ever-increasing vehemence—that Japan has a special position in China, and that she will not permit Europe and America to treat with China except through Tokyo.

From the Japanese point of view the moment is opportune for the resumption of the forward movement. America is still grappling with the depression. Europe is obsessed by the Italo-Abyssinian conflict, which may develop into a world war. Consequently Japan assumes that she can carry out her positive policy without fear of obstruction. But she has miscalculated before this. In 1915 she thought that the other interested Powers would allow her to establish a protectorate over China. She was speedily undeceived and compelled to beat a retreat that was more hasty than dignified. History, as it is held to have a habit of doing, may repeat itself. It is quite possible, however, that the obstruction to Japan's policy will come from a quarter that she does not seem to have taken into account.

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Japanese Finance Minister Endeavors to Reduce Deficit Covering Loans

REDOUBLED efforts are being made by the Tokyo Finance Ministry to uphold its avowed policy of reducing deficit covering loans. The *Japan Chronicle* reports that a decision to this effect was reached by permanent officials at a conference held at the official residence of Mr. Takahashi, the Finance Minister. The conference was primarily called to study the basic policy to be pursued by the Finance Ministry in the 1936-7 revenue.

According to a report made by Mr. Kaya, Director of the Accountants Bureau, the new claims by all Departments reach Yen 1,120,000,000 exclusive of interest payments on national bonds and exchange loss appropriations. The Accountants Bureau has nearly halved these claims. Even so, together with basic expenditure of Yen 1,680,000,000, they will give a total of Yen 2,300,-000,000. Even assuming a natural increase of Yen 70,000,000 in tax revenue, ordinary revenue will hardly reach Yen 1,500,000,000 and this natural increase is based on the anticipation that an all round increase will be seen in income taxes, customs duties and temporary profit taxes.

In such circumstances, no reduction in deficit covering loan issues can be hoped for, and the only solution rests on the political ability of Mr. Takahashi. At the above conference, says the Japanese press, he refrained from expressing any definite views. It was generally believed that at the Cabinet Council on Oct. 22 he would submit a statement giving the particulars of budgetary claims of all Departments so as to acquaint the Cabinet with the situation, and then enlist their cooperation in compiling the new Budget along the lines fixed at the recent Cabinet Council.

The basic expenditure for the next year amounting to Yen 1,680,000,000, it is stated by the Finance Ministry fiscal, affords no room for retrenchment, as the Government has no plan for administrative readjustment. Even if, therefore, the new claims of all Departments are halved, the new Budget will amount to Yen 2,180,000,000, or Yen 2,200,000,000, as the loan charges will increase by about Yen 20,000,000.

As it is more than possible that the Finance Department will have to consent to some extent to the clamors of the Departments for more money, there is a gloomy prospect of the new Budget far exceeding that one for the current fiscal year. In that event loan issues must necessarily increase. The Finance Department authorities are taxing their brains as to how to check such a contingency, which is manifestly against their avowed policy.

"Although the Finance Ministry is insistent on the reduction of deficit covering loans, this does not imply that State finance is in an impasse," claimed Mr. Aoki, Director of the Financial Affairs Bureau, before a gathering of leading Tokyo bankers Oct. 21.

At the Cabinet Council Oct. 22, Mr. Takahashi, the Finance Minister, explained the financial and economic situation and solicited the earnest cooperation of his colleagues in the endeavors of his Department to reduce deficit-covering loans.

Korean Governor-General's Visit to Tokyo Arouses Attention

Gen. Kazushige Ugaki, Governor-General of Korea and the perennial "dark horse" of Japanese politics, arrived in Tokyo from Seoul for a two-week visit on Oct. 29. Gen. Ugaki's official mission is to express to the Imperial House Korea's thanks for the dispatch of an Imperial messenger to Seoul on the 25th anniversary of Japanese administration in Chosen. The visit, however, is attracting general attention in view of the unsettled political situation, and Gen. Ugaki's availability as a future Premier. Gen. Ugaki, who is prominently mentioned as the next Premier, denied that he intended to resign his post in Chosen, but added with a smile: "I may be asked to resign, you know. It all depends on what happens when I arrive in Tokyo."

Japan's Gold Output to Reach Yen 100,000,000

Japan's output of gold this year will reach a total of Yen 100,-000,000, the Japan Mining Industry Company predicted Oct 21. The Company announcement said that the prospects for increased production in Korea were very promising.

"May 15" Case Defendants' Sentences Reduced

The Tokyo Supreme Court Oct. 24 sentenced Dr. Shumei Okawa, leader of the civilian contingent in the "May 15" Incident, to five years of imprisonment. Dr. Okawa was charged by the prosecution with being the "mastermind" behind the movement which culminated in the assassination of Premier Tsuyoshi Inukai on May 15, 1932, by a group of naval officers and military cadets. The accused was generally considered the leader of the Japanese Fascist organization, having been the creator of the super-patriotic Jimmu-kai. Two other accused, Shuzo Toyama and Kenichiro Homma, who assisted Dr. Okawa in plotting an insurrection received sentences of three and four years of imprisonment respectively. The first of these is the third son of Mitsuru Toyama, the uncrowned King of the Japanese reactionary movement and the leader of the Black Dragon Society.

The decision of the Supreme Court quashed heavier sentences passed by the Tokyo Appeal Court last November. Dr. Okawa was originally given a sentence of seven years, Toyama four and Homma five years of jail. The decision of the Appeal Court was protested by both the defense and the prosecution. Shinkei Yoshioka, another defendant in Japan's most sensational case, received a sentence of between four months and four years.

Australian Commissioner Arrives in Japan

E. E. Longfield-Lloyd, Australia's first trade commissioner in Japan, arrived in Tokyo Oct. 22 accompanied by his wife and sons. Mr. Lloyd knows the Japanese language, and plans to send two of his three sons, Bryan, 15, and Owen, 12, to Japanese schools.

Osaka Foreigners Allegedly Fail to Settle Debts Before Leaving Country

Asserting that fifteen out of 182 foreigners residing in Osaka have defaulted on their income tax payments, municipal officials in Osaka, Oct. 25, voted to petition the Central Government to require all foreigners to obtain their permits before leaving for their home countries.

Ministers Consider Matsuda Plan for Polity Body

Formation of a representative official body which would devote its activities to the promotion of a true understanding of Japan's national policy was proposed by Genji Matsuda, Minister of Education, at a special meeting of ministers an Tokyo, Oct. 19. Attending the conference were Premier Keisuke Okada, Admiral Mineo Osumi, Minister of the Navy, and Gen. Yoshituki Kawashima, Minister of War. The gathering was called by the Premier before the regular Cabinet session. Mr. Maysuda's project provides for a body comprising scholars in Constitutional Law, history, education, and representatives of the army and the navy. The main duty of the projected organ would be to correct misinterpertations of Japan's national polity caused by "imported ideas," a Ministry of Education official said.

The plan is an upshot of the recent controversy centering on the Constitutional theory advanced by Tatsukichi Minobe that the Emperor was the not the State but an "organ of the State." This has been officially disavowed by the Government on three different occasions at the demand of the Army and the Navy.

Military and Naval Officers Who Urged Cabinet to Resign Are Reprimanded

At a public meeting on the vindication of the national polity held at the Central Public Hall, Osaka, Oct. 21 by the Society of Military and Naval Officers, a resolution was adopted urging the present Cabinet to resign. The resolution was to be handed to Admiral Okada, the Premier, by Colonel Kobayashi, who left for Tokyo the same evening.

The conference of the chiefs of the branches of the Ex-Servicemen's Society at the Society's headquarters on the same date passed off quietly.

After the reports submitted by branch chiefs, General Suzuki, President, explained the attitude of the Society towards the vindication of the national polity as follows:—

1.—Although the terms in which the Government's second statement is couched are not entirely satisfying, its general purport is, on the whole, in accord with the resolution adopted by the general meeting of the Society the other day. The Society will, therefore, quietly watch the Government's future course of action.

2.—Redoubled efforts will be made to bring home to all members the necessity of vindicating the national policy.

3.—All measures to be taken in order to promote the end in view will be left in the hands of the Services Ministers.

The adoption of the resolution in the name of a "national" meeting at the conclusion of speechifying alarmed the headquarters of the Fourth Army Division (Osaka), as it constituted meddling by ex soldiers in politics. Major-General Matsumura of the Divisional headquarters issued a warning to the leaders to the Society the following day to act with greater circumspection in future. He also summond Lieut.-Colonel Tanaka, a secretary of the Society, to the Divisional headquarters and, in his capacity as chief of the Osaka branch of the Ex-Servicemen's Society, sharply reminded him that the adoption of a resolution demanding the resignation of the Cabinet at such a meeting is improper.

In reply, Lieut.-Colonel Tanaka explained that his Society did not act in that manner as a group of soldiers. For proof he pointed to the fact that all officers present were in morning coats, not military uniforms. The resolution was adopted after the meeting organized by the Society had come to a close.

Government Reforms to Be Studied by Bureau

Drastic reforms in the Japanese administrative system are being studied by the Cabinet Bureau of Investigation, an auxiliary of the National Policy Council, Japan's prototype of the American "brain trust". The main questions to engage the attention of the experts are the increase in the Premier's authority, the co-ordination of ministerial activities and a reduction in administrative expenses.

Officials of the Bureau state they will seek to increase the Premier's power, simultaneously seeking to formulate a scheme providing for cooperation among Ministries.

The abolition of all Cabinet and ministerial commissions that are held unnecessary and their incorporation into the Council or the Cabinet Bureau of Investigation are also being planned. There are about 100 commissions existing now. This move is designed to avoid duplication and will be begun with bodies attached to the Cabinet, leaving those of the various ministries to be dealt with later. The commissions that will be left untouched, a Bureau official disclosed, will be those in charge of relief in the famine stricken Northeast, the study of natural resources, the granting of pensions and the superannuation of civil servants. Opposition to the projected measures is expected from the various ministries who see in the move an infringement upon their interests.

American Youth Is Released After Arrest on Charge of Taking Photos in Fortified Zone

Dean Farrell, 26-years old, manager of a bookstore in Colorado, who was arrested in Hiroshima Prefecture last week for taking photographs in the fortified zone at Itsukushima-machi, Saeki-gun, was released the next day. The *Japan Advertiser* stated that his release was in return for his apology when he was cleared of suspicion of espionage, it having been established that he was only taking pictures of some innocent scenery. Mr. Farrell, who is on a world tour later departed for Manila.

Dr. Chu Chia-hua Receives German Decoration

Dr. Chu Chia-hua, Minister of Communications, was the recipient of the "Star of the Cross of Honor of the German Red Cross Associat on," and the "Cross of Honor of the German Academy of Munich," during a dinner, in honor of the occasion given by the German Ambassador Dr. Oskar Trautmann, who handed the decorations to Dr. Chu amid the applause of all those present, Oct 26. In his speech Dr. Trautmann dwelt at length on the meritorious services Dr. Chu has rendered in his brilliant career to his country and to the promotion of Sino-German cultural relations, and said that it is in honor of his admirable work in these connections that the decorations were given him. Dr. Chu replied in appropriate terms.

Danish Legation Is Removed to Shanghai

The Ministry of Foreign Affairs Oct. 27 received a despatch from Oscar de Oxholm, Minister for Denmark, notifying the removal of the Danish Legation to Shanghai from Peiping. The Legation commenced functioning at Shanghai from November 1.

How China Stands in Its International Relations

Statistics compiled by the Ministry of Foreign Affairs show that China has concluded commercial treaties with 27 countries. There are five countries with which China is on terms of amity, but with which no commercial treaties have yet been concluded. Negotiations are in progress with 11 countries for the early conclusion of treaties of amity or commerce. China maintains legations or embassies in 25 countries, and has a total of 67 consulates abroad. The annual expenses for the diplomatic and consular services are about $7,800,000.

Kwang Hua Petroleum Company to Be Managed By Government?

In view of the bad business of the company caused by the dumping of foreign oil, Hsu Shih-yin, Chairman of the Board of Directors of the Kwang Hua Petroleum Company, has requested the Ministry of Industry to take over the company and reorganize it into a Government concern. It is reported that the Ministry is considering the procedure for taking over the company from private shareholders.

Big Shipments of Canadian Lumber to North China

September was a particularly busy month on the British Columbia coast for ships in the Canada-China trade. No fewer than four steamers sailed with full cargoes of Canadian lumber for North China ports. Exports from China into Canada have also been growing. Peanuts and peanut oil figured prominently in shipments from Dairen to Canada during recent months.

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M.T. Mag. 11-35

Beauty Is Important To Every Woman!

The following short account as to how a young Canadian girl who was weak and anaemic regained health and beauty will be of interest to every woman who values her good looks.

A physician tested this girl's blood and found it to be below normal in red corpuscles and haemoglobin, the red substance in the corpuscles. Her health was "indifferent'. But, after thirty days this girl rejoiced in a rosy complexion and joyous health.

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When the girl's blood lacked vitality, her complexion lacked colour and her eyes lacked lustre. But after a month's treatment with Dr. Williams' Pink Pills her blood became fully charged with the proper amount of red corpuscles and haemoglobin. This restored her complexion to its natural beauty and reawakened the life and sparkle in her eyes of vibrant health.

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The Marriage Problem in China

BY HUBERT T. M. SOONG (宋子明)

THE problem of marriage in China now is, in fact, a great one. To discuss it in a satisfactory manner requires a clear understanding of the social background together with all necessary information from the various fields of social subjects in regard to the conditions of marriage. In spite of all these difficulties, I shall try my best to put a few of the facts into words that may interest all, though I am afraid I can hardly do justice to the topic.

China Confronted with a Transitional Period

The marriage system in China now, as we generally admit, is in a transitional stage. The old marriage system has undergone many changes and is now gradually losing its influence. In its place, there comes the so-called new marriage system adopted originally from western countries. But the practice of the new marriage system is by no means an ideal or perfect one. Bearing this in mind, we clearly see that, with the blind adoption of the western marriage system on the one hand and the merciless abandonment of the Chinese on the other, the present marriage system is far from being ideal, as the actual condition has already proved.

Concerning this subject, even up to the present day, it is generally recognized that it is very hard to find a satisfactory solution. At the present time, we have heard about this subject only the unreasonable and groundless prejudices advocated by those who have neither understanding of the present condition between men and women nor knowledge of the marriage problem. Very often we hear that some people, being ignorant of the facts, strongly oppose the practice of divorce between husband and wife and advocate that, after a man and a woman have been legally united, the relation between the two should be strictly maintained to the last, in spite of incompatibility or disagreement either on his or her part. In addition to the above, with their whole effort and energy they also urge the government to revise the existing law of divorce and to enforce it to prevent people from obtaining them. By so doing, they imagine, divorce cases will be decreased to such a small extent that the social order will not be affected by them. Others, however, maintain plausibly that marriage must be based upon a solemn ground; that is, upon love, in the absence of which, as is generally the case, the relation between a husband and a wife can hardly exist. For this reason, they strongly advocate that, should there occur any disagreement between a husband and a wife, no matter how slight it may be, the marriage bond must be broken immediately in order to gain a kind of lasting happiness between the two. But it is a common danger, at the present time, to go to either extreme before there is a reasonable and sound solution of this delicate question.

Modern Youth and Married Life

In China, especially in some isolated and backward districts' cities and towns, under the influence of traditional thought, the marriage condition is rather unreasonable; for in those places, it is a common thing that young people who have not yet graduated from middle school, or even higher primary school, are compelled to marry without their own knowledge and approval. To be sure, they are under the guidance of their parents who, due to their ignorance and hurry in choosing a mate for their young ones, being prompted by the classical teachings, such as, "There are three things which are unfilial, and to have no posterity is the greatest of them," are therefore losing no time in arranging marriage for their sons and daughters in order to perpetuate their family lineage. Consequently after a considerable space of time, when the married couple grow older, they will perceive that their marriages in nine cases out of ten are not ideal, and the result is that marriages practiced under those pitiful and unhappy conditions cause numerous tragedies—such as divorce, desertion, life-long suffering and what is more tragic, suicide. However, those who live in some capital or big city are rather free in choosing their mates. But the social environment there is very bad. Since the introduction of western civilization and social customs into China, the youths, especially the modern-educated and half-baked ones, accept them at their face value, without scrutinizing their practical application to China at present. Therefore there is a tendency among the youths to think that anything old and everything Chinese in origin must be frowned down, while everything that is imported from the west must be welcomed with open arms. The old religion and the moral teachings of our great sages have been discarded because of their antiquity. The old family system is broken. When this idea is once deep-rooted in the minds of the youths like a wild fire, China goes mad. Marriage then is no longer a holy bond to the young mind. The old conception of marriage is considered nonsense and is thrown over-board. They think of marriage as a sort of business bargain and that the bargain may be easily be got rid of, or, to speak more correctly, modern love and divorce go hand in hand. Some timid parents dare not interfere because youths are free to-day. Their parents are looked down upon because of their conservatism. This is the reason why modern youths, after having absorbed the social ideas and customs imported from the west, believe that freedom in marriage means ever-lasting happiness, and that if this right is denied, life then is no longer worth living. Therefore it is not uncommon that the youths nowadays get married without getting their parents' consent. The evil consequences wrought thereby are manifested in the family and social life of present-day China. The increase in suicides, elopements, prostitution, concubinage, desertion and ill-treatment, can be in most if not all cases, traced back to the influence of freedom of marriage.

Modern Wives Are Spendthrifts

It is deplorable to say that to-day most girls, after having got a little superficial knowledge, are quite proud. They play cards, attend various social organizations and makes speeches. The standard of her future husband is very high. To her, love is no longer the holiest thing in the world and at the same time divorce means nothing. What means most to her is the dollar. Love exists in her mind only when there is money to be had from the opposite sex. As a result she becomes "unmarriageable." She is in the state described in a Chinese saying, "a higher position is unavailable, while a lower position is unacceptable." When once she gets married, she does not care to do any what household work. When a child is born, she employs a nurse to take care of it and feels her duty is ended. She is a frequent movie-goer and daily dancing-partner. Beautiful houses and modern type motor-cars are what she wants most. Beautiful dresses, high-heeled shoes, powder, rouge, lipstick, Paris perfumery and a thousand and one other luxuries are considered as daily necessaries. She is at liberty to associate with anybody she pleases without getting her husband's O.K.—because she is romantic. By so doing, she thinks that she will be considered a "society" woman.

Instead of surrendering herself to the domination of her husband, as her mother did, she is the queen of the family. She is above him. She has a modern air. She thinks herself a Goddess, whose words should be law in the eyes of her unhappy husband. In order to please her, the husband must be submissive and obedient. In order to make her comfortable, he must do everything to suit her convenience. He is therefore no longer the master of the family, but is forced by financial conditions to toil day and night in order to supply the needs of the queen. His "face" has been totally lost. He is at her mercy. In short, his position has sunk deeper and deeper in the Slough of Despond. In addition, his pursestring must be always held in her hand. But as soon as the coffer is empty, then tragedy follows.

The Standard of Choosing a Mate

It is no exaggeration to say that the selection of a mate will do more than any other thing to conserve the family. The question of whether one's life is worth living or not is determined to a large extent by the event of choosing a life-long companion, because marriage is one of the most important steps a person can take. It may make or mar one's entire life. It can build you up or tear you down. It can ennoble every phase of your character or it can make you a miserable failure. Bearing this in mind, in the following paragraphs the writer endeavors to suggest a few remarks concerning the choice of a mate.

To the man: In selecting a wife, first of all remember that she is to be the mother of your children. Do you want your children to be strong, resolute, splendid specimens of mankind? If you do, then select a woman who you are sure will make a splendid mother. The woman you select should be strong and healthy. Now, girls are taking part in athletics and are competing frequently in public games in China. It is therefore easy to choose a strong one. Whatever mistake you may make, try at least to avoid marrying a weakling and a semi-invalid. For a well-sexed man can not for a long period continue to love a weakling. Above all, do not marry a woman because you pity her. Do not marry a woman whose disposition and temper are bad. Likewise, do not marry a woman merely because you love her. For love is transient and fleeting in many instances. You may be madly in love one day and the next day your ardor will have cooled. It is certainly advisable to have something more than mere sex love in marriage whenever possible although that is indispensable, in all cases.

Purely physical attraction is dangerous because so far as face is concerned, beautiful features sometimes go with a weakly mis-shaped body and a very unbeautiful disposition. Many marriages have gone wrong because of having been founded on purely physical attraction. For this reason the dance-hall is a poor place to pick out a wife.

To sum up, I would say, marry a woman, first, because you love her; second, because you are convinced that she would be the mother of strong, splendid children; third, because you are sure that she has a good disposition and character; and, fourth, because you admire and respect her.

To the woman: That the young woman is supposed to be chosen, not to choose, is generally admitted in China. But any serious-minded and thoughtful girl who is acquainted with

the real facts in the case knows that, in reality, it is the young woman who exercises the power of choice. It is she who attracts and draws to her the individual who is most pleasing to her. A woman therefore should exercise great care in making the choice of a life-long companion.

It is deeply to be regretted that most girls of present-day China, as I have mentioned above, think only of that which may contribute to their individual pleasure. The man who is rich and handsome to look upon and can stir in her a thrill of physical admiration, seems to her the most desirable individual in the world. As a matter of fact, however, she is not considering in the least his true place in her life. It is therefore advisable for young girls to consider the matter more thoroughly before making a definite choice of a husband.

Let her choose, first of all a man in every sense of the word, a man who is physically strong, mentally alert, morally pure, clean and upright.

In addition, one must observe the following considerations :—

(1) There must be a strong physical attraction in order that there may be a harmonious and life-giving physical relationship.

(2) There must be mental companionship in order that, as the years go by, the two may grow more and more intimately into each other's life.

(3) There must also be a spiritual union. They must have common aims, ideals, and a common attitude toward life and its great purpose. It is only in this highest realm of the spiritual that an enduring union can exist, and without this, the coming together of the two individuals may prove to be only temporary.

In conclusion, if the above-mentioned suggestions can be taken into consideration, I am sure you can make a splendid and successful marriage though I am afraid that this paper is too short to convey to you all my ideas concerning this delicate question.

Peiping, Oct. 9, 1935.

Regulations for $20 Million Flood Relief Loan Are Adopted by Executive Yuan

The Regulations governing the issue of the 24th Year (1935) Flood Loan for Labor-Relief, amounting to $20 millions, were adopted at a meeting of the Executive Yuan in Nanking, Oct. 22 and forwarded to the Central Political Council for consideration. The amount of the loan was originally fixed at $10 millions by the Executive Yuan at its meeting on September 24. In view of the gravity of the flood situation along the Yangtsze and Yellow Rivers this year, the Central Political Council, considering the amount insufficient for the purpose, sanctioned increase of the loan by $10 millions. The Regulations governing the issue of the loan were consequently revised by the Ministry of Finance.

According to the revised Regulations, the loan will be issued on Nov. 1. It will bear interest at 6 per cent per annum, and issued at 98. The bonds will be issued in denominations of $10, $100 and $1,000.

American Naval Commander Investigates Flag Incident at Tsingtao

According to the official Japanese version, of the flag incident at Tsingtao last week, two sailors from the U. S. S. *Canopus*, allegedly under the influence of liquor, tore down two Japanese flags hanging in front of a Japanese restaurant on Wednesday night Oct. 23. The colors were being displayed on that day in celebration of the annual grand festival of the Tokyo Yasukun Shrine, where the souls of soldiers and sailors who fell in action are worshipped. The American sailors allegedly threw the flags by the wayside when they were seen by two Japanese consular policemen who asked them to go to a police substation. On their way, the sailors and their escort ran into a crowd of about 500 Japanese who were being disgorged into the street from the Denki-kan theater fter attending a patriotic lecture. Word that the Japanese flag had been insulted spread among the crowd, which gathered around the police substation and demanded that the sailors be handed over to them. Japanese consular police reserves were called out and the American naval authorities were notified. The reserves threw a cordon around the sub-station and finally managed to disperse the crowd after threatening wholesale arrests. The demonstrators moved over to an adjoining open space and elected three representatives who immediately called on the Japanese Consulate-General and demanded that satisfactory measures be taken. The sailors were handed over to an American naval shore patrol.

Squadron Commander S. Pickens, in command of the United States Submarine Squadron 5, called on Commander Ichiji Higo, Japanese naval resident officer at Tsingtao Oct. 26 and informed him that incident was under investigation and in case the American sailors were guilty of the charges they would be punished in accordance with U. S. naval regulations.

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Pan-American Will Start Trans-Pacific Service Nov. 8

Acceptance of the bid made by Pan-American Airways, Inc., for air mail service between San Francisco and Canton was announced by the Post Office Department at Washington, Oct. 24. The company submitted a tender based on a charge of $2, U. S. currency a mile. The charge applies to an 800 lb. load flown over a 16,000-mile route from San Francisco to Honolulu, to Manila, to Hongkong, and return. An additional charge of $1 a lb. per 1,000 miles for all loads more than 800 lb. was asked. The tender was submitted for a ten-year contract. The service would consist of one trip weekly in each direction. Harlee Branch, Assistant Postmaster-General in charge of air mail, said that the Oriental terminus of the line would be temporarily at Manila, with mail boats delivering the mail from Manila to Canton. Mr. Branch said that the postage rate from the United States to China would probably be $1 American currency, per half ounce. Rates to Hawaii have been fixed at U.S. $0.25 and the Philippines at U.S. $0.75. In unofficial conversations, it was stated that the main obstacles to obtaining a landing permit at Canton were, firstly, the reluctance of the Chinese authorities to grant facilities in view of the densely-populated condition of the Pearl River and the heavy shipping there, and secondly, the reluctance to establish a precedent which might compel China to grant similar privileges to companies of other nations. According to unofficial reports, Japanese lobbyists sought unsuccessfully to block the Philippine Legislature's approval of the bill granting facilities to Pan-American Airways at Manila.

First passenger flights to Manila, in connection with the forthcoming trans-Pacific air mail service of Pan-American Airways, Inc., will begin in January, it was stated. Meanwhile, however, another test flight from Alameda, Califorinia, to Manila, with stops at Honolulu, Midway Island and Guam, will start early next month.

A spokesman for the airways company said that, on the basis of the percentage of total mail sent to South America in past years, as compared with that dispatched to Asia, he believed the trans-Pacific air mail service would pay the Government a profit.

It was learned from highly reliable sources in Manila, Oct. 22, that Pan-American Airways are planning to time the arrival of the *Oriental Clipper*, on its first trans-Pacific flight, to land in Manila on November 15, the date set for the inauguration of the Commonwealth. It is further understood that Colonel Charles A. Lindbergh is quite likely to accompany the giant plane on the trip. The service will be formally inaugurated Nov. 8.

Representatives of Pan-American Airways, Inc., at Manila, are stated to be proceeding with tentative plans for airplane landing facilities at Macao as the western terminus of the new air mail service. Permission to use Macao as a landing-base and to install the necessary facilities for radio communication and weather observations was granted by the Portuguese Government early in September. The New York office of Pan-American is also stated to be negotiating for permission to land at Hongkong.

Because of the rapid strides by the United States in the establishment of the trans-Pacific route, European aviation interests are reported to be consolidating their positions in order to entrench themselves in the Asiatic-European service. The British for example, have been surveying a proposed route from Singapore to China. Reports also indicate that the French officials of Indo-China have granted British interests the necessary permission to fly over their territory in exchange for British permission to establish a terminus at Hongkong for the proposed route between Hanoi and China.

It is generally understood that Pan-American Airways plans to establish a Honolulu-Auckland service, and it is possible that this line will be in operation before the first of next July. British Imperial Airways plan to extend the existing London-Sydney service to New Zealand in 1937.

The New Zealand Minister of Public Works, P. V. Coates, announced Oct. 19 that arrangements had been completed with Pan-American Airways for a service between the United States and New Zealand. Auckland will be the terminal for flying-boats which will carry passengers as well as mails. The service will probably be inaugurated in August, 1936.

Completing its fourth test flight over the Pacific, the four-motored airplane *Oriental Clipper* returned to Alameda, Oct. 24. The flight just took the *Clipper* to Guam, via Honolulu, Midway and Wake Islands, preparatory to the inauguration of trans-Pacific air mail and passenger service between the Pacific Cost and Manila, and, eventually, China.

Imperial Airways Plane Arrives in Hongkong

Covering the distance in approximately ten hours flying time, the Imperial Airways airplane *Dorado* arrived in Hongkong from Singapore Oct. 24. Two stops were made by the giant air-liner—at Penang and Tourane. The flight was one of a series of experimental trips made in connection with the eventual linking up of Hongkong with the Imperial Airways service from England and Australia.

Junkers Plane for Eurasia Line Arrives from Berlin in 60 Flying Hours

Captain Pepi Kaspar made a night landing at 6.45 p.m. Oct. 25 at the Lunghwa Airdrome near Shanghai with a tri-motored all-metal airliner soon to be placed in service on Eurasia airlines. He made the trip from Berlin in 60 flying hours via Belgrade, Stamboul, Bagdad. Karachi, Allahabad, Calcutta, Rangoon Bangkok, Hanoi and Hongkong.

Gen. Tu Yi-chien Installed as Chairman of Canton Air Commission

General Tu Yi-chien, erstwhile vice-President of the Kwangtung Military and Political Academy, was installed as Chairman of the Commission for Air Defence at Canton Oct. 18. Marshal Chen Chi-tang was the supervising officer at the ceremony. General Tu recently returned from a trip to America and Europe and the *Central Press* says that it may be expected that he will contribute greatly to the air defence work of Canton.

Aviation Lines Instructed to Install Radio and Meteorological Stations

The Ministry of Communications, in identic orders to the China National Aviation and the Eurasia Aviation Corporations, instructs that radio and meteorological stations be erected at suitable places on their routes so as to ensure safety in traffic.

Forty-Eight Navy Planes to Make Mass Flight from Honolulu to Midway

Forty-eight United States Navy seaplanes will make a mass flight from Honolulu to Midway Island on November 9, it was announced in Honolulu Oct. 28 by Rear-Admiral Frederick J. Horne, Commandant of the aircraft force based at San Diego. The mass flight will be under the command of Captain Kenneth Whiting, commandant of Pearl Harbor air base. Admiral Horne said that a mass flight from Honolulu to Manila may be undertaken "some of these days."

American Boxer Funds to Be Used for Free Mass Education

A sum of $300,000 will be allocated from the American portion of the Boxer Indemnity Refund, towards the promotion of free mass education in the country, according to a decision reached at the ninth meeting of the Standing Committee of the Board of Trustees of the China Foundation for the Promotion of Education and Culture (which administers the American share of the Boxer Indemnity Refund), held in Shanghai Oct. 27 under the chairmanship of Dr. Tsai Yuan-pei, chairman.

Loans from British Boxer Funds are Asked For

A meeting of the Standing Committee of the Board of Trustees for the administration of the British Boxer Indemnity Refund was held in Nanking Oct. 26 under the chairmanship of Dr. Chu Chia-hua, Minister of Communications. Among the matters discussed were the application of the National Reconstruction Commission for a loan for the expansion of the Nanking Electric Power Works and the application of the Ministry of Industry for a loan for the establishment of a new sprint factory at Wenchi, Chekiang.

Chinese Theater Owner Sentenced for Inciting Murder of Rival

Koo Tso-hsien, a wealthy Chinese and the owner of a chain of theatres and amusement resorts in the Settlement, was sentenced to fifteen years imprisonment and further deprived of civil rights for ten years by the Second Special District Court Oct. 18 on a charge of instigating the murder to Tang chia-pan, former manager of the Great World Amusement Resort, two years ago. Mr. Koo was implicated by two convicts who alleged that they were promised $10,000 for Tang's murder.

One of the witnesses at the trial was the sister of the victim who testified that her brother had a private chat with her a few days before his tragic death saying that if anything untoward happened, Mr. Koo would be the man responsible.

Mr. Tang was going home on June 18, 1933, in the small hours after having seen the Great World close for the day. As he was leaving the establishment in his car, gunmen stepped on the running board and emptied their revolvers at him. Two of them were rounded up, convicted and sentenced to life terms.

Townsend Pension Plan Is Heartily Supported at Chicago Convention

Declaring his intention to battle unceasingly for Government pensions for the aged, Dr. Frederick W. Townsend, southern California advocate of a new economic order, in Chicago Oct. 24 addressed a national convention of his followers with a challenge to continue his campaign—which has become a national movement. Six thousand delegates from Townsend Clubs all over the nation Oct. 27 wildly cheered the declaration of Dr. Townsend that, "the United States faces universal prosperity or universal disaster," depending on the manner in which it makes provision for its aged dependents.

Campaign Against Unemployment Makes Great Strides

Immense strides made by the nation in combatting unemployment in the past three and-one-half years were cited by President Roosevelt Oct. 24 in a radio address broadcast to all parts of the nation.

"The American economic system needs a long rest from interference," Charles Gay, president of the New York Stock Exchange, stated in an address Oct. 24 before the Boston Chamber of Commerce. Recovery and prosperity were under way, he added, but they could be retarded if experiments, interference and regimentation were to "ham-string" them at every step.

Governor of Texas Asked to Use Force to Smash Longshoremans' Strike

Use by the Governor of Texas of force to smash the strike of union longshoremen on the Gulf Coast and to prevent disruption of the cotton export trade from southern ports was advocated in Houston, Tex., Oct. 24 by Texas commercial interests.

Demand for American export cotton is the greatest in years, Henry A. Wallace, Secretary of Agriculture, announced in Washington, Oct. 24. The only factor hampering larger shipments from the United States to foreign countries has been the lack of ships. Efforts are being made to arrange for the use of nine vessels owned by the United States Shipping Board which at present are idle in New Orleans harbor.

Crude Oil Prices Raised by San Francisco Companies

The Shell Oil Company in Francisco Oct. 28 posted crude oil prices on an increased scale, identical with an advance announced two days previously by the Union Oil Company. The new prices, the highest in the past five years, are based on a rate of $1.14 for oil with a specific gravity of 30. West Coast producers anticipate that the Associate Oil Company and the Standard Oil Company of California would follow the lead of Union and Shell, thus stabilizing the price structure in the entire oil industry in said area.

Dr. Wu Lien-teh Reports Past Summer Was Without Cholera

Dr. Wu Lien-teh, Chairman of the Central Cholera Bureau, in the latest bulletin of the National Quarantine Service, states that the year 1935 may be regarded, so far as cholera is concerned, as one of the healthiest on record, for not a single case of confirmed cholera had been reported from any port of China. Certainly in the Shanghai districts, where every attempt is made in the laboratory to test specimens from suspected patients, every one has proved negative. "How far the mass inoculations against the malady carried out by all three Municipalities have been responsible for this happy state of affairs we are not yet in a position to say, but it is significant that other cities which have not practised anti-cholera vaccination have also been fortunate in this respect. Nevertheless, it should be remembered that Shanghai is a spreading centre, and, if this great port is kept free from the disease, one may expect the others to be free also.

"The problem of cholera prevention is really a comparatively simple one, resolving itself into the following:—Cheap and accessible clean water-supply; healthy living conditions, especially among the poor; systematic anti-cholera vaccination among the masses; popular health education in the family, as well as in schools, factories, and similar institutions; provision of properly equipped summer hospitals where treatment, particularly saline infusions, may be carried out efficiently at all times."

Missionaries, Driven from Lanchow by "Reds," Reach Peiping

The party of British and American missionaries, comprising 38 men, women and children, who evacuated Lanchow, the capital of Kansu, on October 9, owing to an invasion by Communists, arrived in Peiping Oct. 28 from Paotouchen by train. The party travelled down the Yellow River on rafts made of goatskin, reaching Paotou, on the Peiping-Suiyuan railway head, about a week ago. A warm tribute is paid to the Chinese authorities for the assistance rendered the party throughout the long and arduous journey.

In the United States Court for China

In re the Last Will and Testament of ROBERT ROY SERVICE, Deceased.

Cause No. 3964
S. P. No. 1034
NOTICE
Filed at Shanghai, China, This 5th day of October, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ROBERT ROY SERVICE, deceased, to present the same with vouchers to the undersigned on or before April 12, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Grace Boggs Service, Executrix,
c/o Allman & Co.
206 Hamilton House
Shanghai
(Attorneys for the Executrix)

Shanghai, China,
October 5, 1935.

In the United States Court for China

In re. the Estate of KENNETH ERIC JOHN AINSWORTH DABELSTEIN Deceased.

Cause No. 3965
Special Proceedings No. 1035.
NOTICE
Filed at Shanghai, China, October 7, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of KENNETH ERIC JOHN AINSWORTH DABELSTEIN, deceased, to present the same with vouchers to the undersigned on or before April 12, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

N. F. Allman,
Administrator,
Hamilton House,
Shanghai, China.

Shanghai, China,
October 7, 1935.

Mayor Wu of Hankow Entertains Japanese Economic Group

(BY THE REVIEW'S CORRESPONDENT AT HANKOW)

RUSHING back from a flying trip to Nanking on official business, Mayor K. C. Wu of Hankow Municipality returned just in time to welcome the Japanese Economic Group from north China, where the Group has been investigating economic and other aspects of Chinese life.

The Group called at the office of the chairman of the Hupeh provincial government, General Chang Chun, but found that he had already left for Nanking to attend the forthcoming Sixth Session of the C. E. C. In the absence of the governor, Liu Chou, his Chief Secretary entertained the guests.

On their return to Hankow, Mayor Wu gave the visiting Japanese a party at the Kincheng Banking Corporation building, Friday noon, Oct. 25. The visitors were very much interested in the flood situation, asking many questions about the measures used to cope with the mighty flood waters of the Yangtze and the Han. They also evinced keen interest in the economic and industrial development of the Central China area. The investigators hoped to leave for other parts on Sunday night.

"Hankow Herald" Silent About the Visit of Japanese

The Chinese owned and edited English language daily, the *Hankow Herald* had not a word of comment to make on the recent visit of the Jaapnese Economic Investigation Group. This coupled with the very gracious way the Mayor of Hankow entertained the Nippon investigators, shows how the Japanese have contrived to scare the Chinese into licking the very boots of their aggressive neighbor. No word of offense must be breathed. More demands and yet more forced obedience; so will the latter end of China be a vassal state, doing the bidding of Japan, as surely as the Koreans are doing it today. Where is the sentiment of a Patrick Henry: "Give me liberty or give me death?" Not having tasted true freedom the Chinese do not know what they are missing. Perhaps that is at least one of the mitigating circumstances. The background of freedom is lacking and the high courage necessary to its maintenance is not yet fully appreciated.

Manchuria and Ethiopia Compared by Chinese Editorial

On Oct. 26 the *Hankow Herald*, Chinese edited, severely criticized the apparent change of attitude of Britain in regard to the application of sanctions. Citing the Manchurian and Ethiopian incidents the editorial points out that the League and Brtiain had taken a very drastic step in relation to Italy, where as in the Manchurian incident Japan was left pretty much to do as she pleased. What took eighteen months to bring in recommendations to the League after Manchuria had been invaded, only required a few weeks when Ethiopia, bordering on British territory, was involved.

We quote: "Knowing full well that the British policy towards the Italo-Abyssinian dispute is untenable when viewed against her indifferent attitude in the Manchurian case. Anthony Eden, Minister without Portfolio for League of Nations Affairs, chose to deny any analogy between the Manchurian and the Italo-Abyssinian disputes . . . The dispute did not, at any stage, result in resort to war by either of the parties. China had not ruptured relations with Japan and had not invoked Art. 16 (providing for sanctions).

Lytton Report Cited

"It is true that Japan was not declared (by the League of Nations) an aggressor in so many words, as Italy was, thanks to the determination of Mr. Eden and his colleagues, but the implication was as plain as day-light, when the League adopted the Lytton report which found, among other things, that Japanese military action in Manchuria was not for self-defence and that no question of Chinese responsibility can rise for the developments of events since September 18, 1931."

League Criticized for Double-Crossing China

"China refrained from taking the extreme measure of rupturing all relations with Japan only after the repeated requests from the League not to further provoke matters. China certainly never dreamed that she was being double-crossed by the powers and her wish to leave the door open for peaceful settlement of the dispute and her compliance to the League requests were made into a case against herself."

Why Not Sanctions Against Japan as Well as Against Italy?

"There was nothing, except the lack of will to live up to the League obligations, that could have prevented the powers from applying the sanctions (against Japan).

"If China is now expected to do her share in the sanctions on an exclusive European affair, why could not Europe be counted on then in a case affecting China? No rule is any good that works only one way."

Marshal Chang Bids Wuhan Good-bye

After a stay of twenty months in the Wuhan cities, Marshal Chang Hsueh-liang left Oct. 19 for Sian, Shensi, new headquarters of the Northwestern Anti-Communist Forces, of which he is Deputy Commander. During his brief stay here the Young Marshal has made himself popular both with foreigners and with his Chinese colleagues. His genial disposition and his love of sport have been qualities that have impressed themselves on his many friends here.

Generalissimo's Headquarters at Wuchang Closed Oct. 20

With the closing of the Wuchang Headquarters of the Generalissimo Oct. 20, the majority of the staff has already been transferred either to Sian, Shensi, or to Chungking, Szechwan. About one third of the staff is reported to have been dismissed.

Kansu Missionaries Arrive Safely at Paotou on Rafts

According to a special telegram received in Hankow, the twenty-eight missionaries who left Lanchow, capital of Kansu for Peiping, by goat-skin rafts, had arrived safely in Paotou Oct. 25. From said place the party proceeded by train to Peiping. Apparently no untoward incidents happened en route, although the Yellow river valley is said to be invested with roaming hordes of local bandits.

Kansu Quieter Again, Some Missionaries Still in Lanchow

Although many of the missionaries from the southeastern section of Kansu still held by Red bandits, fled to Lanchow and later evacuated to Peiping, still some of the resident missionaries and others are remaining in Lanchow. Reports state that the situation is easier now and the main impact of the Reds has been repulsed by the new recruits organized by the government forces. The motor highway from Lanchow to Sian is open again.

Nippon News Agency Prophesies Political Changes

News emanating from a Japanese news agency prophesied that the chairman of the Hupeh provincial government, General Chang Chun is slated for the ambassadorship to Japan. In that event the Wuchang post left vacant will be filled by General Chien Ta-chung, lately Chief-of-Staff of the Wuchang Military Headquarters, now Chief Advisor at the Northwester Headquarters at Sian.

Governor Chang and Others Leave for Nanking National Meet

General Chang Chun, chairman of the Hupeh provincial government, left Oct. 23 for Nanking where he will attend the forthcoming meeting of the C. E. C. He was accompanied by Madame Chang and members of his staff.

Among other things the governor expects to plead for more funds for the relief of flood sufferers in the Han and Yangtze river areas.

Hankow, Oct, 28, 1935.

League Expert Reports on Effect of Opium on Chinese Laborers

"Opium and Labor" is the title of a report submitted by M. Leon Jouhaux, representative of the French Workers' League, and discussed by the Governing Body of the International Labor Office, at Geneva, Oct. 27.

Of the eight points listed in the report, several were concerned with the opium smoking habits of immigrant Chinese laborers in foreign countries and colonial territory such as Burma, the Straits Settlements, the Federated Malay States, British North Borneo, Siam, Indo-China, Hongkong, Macao, Formosa, the Kwantung Leased territory, and the Philippine Islands.

In the course of his report M. Jonhaux says: "In the countries and colonies listed above, investigation shows that opium smoking is most widespread among immigrant Chinese laborers; no evidence is available concerning the existence of exploitation of the opium smoking habits in recruiting of workers; measures rarely appear to be in force either as the actions of the authorities to detect or prevent opium smoking habits, or in connection with recruiting of laborers; no evidence is available regarding the existence of exploitation of the opium smoking habits in connection with employment, but there is some possibility in indications that opium smoking habits may result in restricting the liberty of workers in changing their employment."

Gen. Chiang Orders Eradication of Opium by End of 1937

General Chiang Kai-shek, President of the Military Affairs Commission and concurrently Inspector-General of Opium Suppression, in a circular order issued Oct. 26 to the various provincial governments, stated that the opium evil must be completely eradicated from the country by the end of 1937. The registration of opium addicts, the order added, must be completed before January, 1936. During 1936, opium may be sold only to registered addicts holding a special license. Beginning from next year, opium shops and dens should be strictly suppressed.

Russian Orthadox Confreternity Will Build Modern Hospital in French Concession

The Russian Orthodox Confraternity in Shanghai has perfected plans to build a modern five-story hospital in the French Concession. The laying of the corner stone will take place on Sunday, Nov. 3 at 3 p.m. The incidental religious ceremony will be held in Rue Pershing, corner of Avenue Joffre.

Who's Who in China

P. T. Chen, Government official; born at Amoy, Fukien. 1900; B. A. in Political Science, St. John's University, Shanghai 1921; editor-in-chief, *St. John's Echo*, 1920-21; winner of All-round scholarship prize, St. John's, 1921; winner of College English Oratorical Contest, St. John's, 1918, 1919, 1921; leader of Winning East China Intercollegiate English Debating Team, 1921; Chairman of Shanghai Students' Association for North China Famine Relief, 1921; instructor in St. John's University, 1921-23; M. A. in Political Science, Princeton University, 1924; Graduate Scholar, Princeton University, 1923-25; holder of St. John's Graduate Fellowship in America, 1923-25; holder of Tsinghua Partial Scholarship, 1923-27; Sterling Scholar, Yale University, 1925-26; President of Chinese Students' Alliance in U. S. A. 1926-27; Professor and Dean of Political Science Department, National Chinan University, Shanghai, 1927; Secretary, National Tariff Commission, 1928; Secretary, Ministry of Finance, 1928; Director of Fukien Rolled Tobacco Tax Bureau. 1928-30 and concurrently Special Inspector of Rolled Tobacco Tax Administration in Kiangsi, Hupeh, Hunan and Anhwei, 1929; Director of Fukien Consolidated Tax Bureau, 1930-32 and concurrently Commissioner for Inspection of National Taxes in Shantung and Finance Commissioner for Rendition of Weihaiwei, 1930; Administrative Inspector of Internal Revenue Administration, Ministry of Finance, since 1932 and concurrently personal secretary to Finance Minister Dr. H. H. Kung since 1933; contributing editor of *The China Critic*, 1928-30; *The China Weekly Review*, 1928-30; *The China Quarterly*, 1935; *The Chinese Year Book*, 1935; author of National Policy Toward Public Indebtedness, 1929; Credit of National Loans, 1929; Financial and Economic Reconstruction of National China (in China Christian Year Book), 1930; China's Public Finances, in Chinese Year Book, 1935; member of F. F. Fraternity; address: c/o Central Bank of China, Shanghai.

陳炳章
P. T. Chen (Chen Ping-tsang)

陳炳章，福建思明縣人，年三十五歲，一九二一年畢業上海聖約翰大學得政治學士位，一九二〇至二一年任約翰聲總編輯，一九一八，一九一九，及一九廿一年英文演說比賽首獎員，一九二一年華東各大學英文辯論優勝隊隊長，一九二一年聖約翰畢業班榮譽生，上海學生會華北旱災義賑會會長，一九二四年美國普林士頓大學政治碩士，一九二三至一九二五年普林士頓大學榮譽研究員，一九二五至一九二六年美國耶魯大學榮譽研究員，曾任留美中國學生會會長，上海聖約翰大學教員，國立暨南大學政治學系教授兼主任，國定稅則委員會秘書兼法制專員，財政部秘書，福建捲菸統稅局局長，視察皖贛鄂湘四省捲菸統稅特派員，視察山東國稅特派員福州分區統稅管理所主任，接收威海衛財政特派員，現任財政部稅務署視察兼財政部孔部長機要秘書，歷任上海中國評論報，密勒氏評論報，中國季刊及中國年鑑特約編輯，通訊處：上海外灘中央銀行。

China Seeks Seat on International Labor Office Board at Geneva

Walter Riddel (Canada) Oct. 24 was elected chairman of the Governing Body of the International Labor Office in Geneva, on a motion by the Japanese representative. Following Mr. Riddel's election Pao Hua-kuo (China) requested the I. L. O. to study the question whether China was not one of the eight member states of chief industrial importance in the world and, therefore, entitled to a permanent seat on the governing board. He added that he did not oppose the choice of Canada this year, but reserved the right to raise China's claim later.

In the United States Court for China

In re. Last Will and Testament of LIZZIE EDITH CHUBBUCK KEMPTON, Deceased	Cause No. 3966 Special Proceedings No. 1036 NOTICE Filed at Shanghai, China, October 14, 1935. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of LIZZIE EDITH CHUBBUCK KEMPTON, deceased, to present the same with vouchers to the undersigned on or before April 20, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

GEORGE ASHMORE FITCH,
Executor,
c/o Foreign Y.M.C.A., Shanghai.

Shanghai, China.
October 14, 1935.

A Brand New

BABY FORD

$1,000 worth of **FURNITURE**
by Modern Home

A.G.E. COMBINATION
RADIO PHONOGRAPH from
Leede Engineering Corp.

Will be awarded contestants in . . . . . .

THE CHINA PRESS
CIRCULATION CAMPAIGN
October 7—November 30.
Read THE CHINA PRESS *for details*

Men and Events

E. F. Drumright, Vice-Consul at the U.S. Consulate General at Shanghai, Oct. 29 proceeded to Swatow to take over the duties of F. W. Hinke, Consul at Swatow, who is ill.

Felthan Watson, United States District Attorney, was a patient at the Country Hospital for several days this week suffering from an ailment caused by dental trouble.

The International Cultural League, an organization founded by Prof. Liu Hui-jui, has announced a reception and tea party to be held at No. 999 Siccawei Road at 4 p. m. Nov. 10.

Dr. Anne Walter Fearn delivered an address on "A Tour in South Africa" (illustrated with motion pictures) before the North China Branch of the Royal Asiatic Society, Oct. 31.

The Peiping Bureau of Printing and Engraving under the Ministry of Finance, which had been suspended for some time on account of financial difficulties, resumed operations on November 1.

William P. Hunt of L. Everett, Inc., was host a dinner at the American Club on Wednesday evening, Oct. 31, in honor of Nelson T. Johnson, American Ambassador, who is now in Shanghai. Some twenty Chinese and American guests were present.

John Leighton Stuart, president of Yenching University Peiping, sailed from Shanghai on the s.s. *President McKinley*, October 29, for the United States on a business trip in the interests of the University.

Lane, Crawford and Co., Ltd., the oldest British retail firm in Shanghai, which in former years enjoyed a large and exclusive clientele, decided at the annual meeting held in Nanking road Oct. 29, to liquidate and go out of business.

The marriage took place in Shanghai, Oct. 23, of Miss Edna Miao to Dr. Ng Tin-fong, at the new Metropole Ballroom. The marriage lines were read in Chinese by Liang Ho Chu, District Commissioner of Police, Chapei.

When Admiral Isamu Takeshita, retired commander in chief of the united fleets of Japan, was in New York recently, he visited the Empire State building. On the eightieth story he bought a "souvenir" ash tray. When he turned it over he read: "Made in Japan."

The New Trail, a weekly journal published in Shanghai by the League of Young Russia, has been purchased by a private Russian Company and will appear as a daily commencing Sunday, Nov. 3, under the editorship of N. V. Peteretz.

George Atcheson, Jr., second secretary of the American Embassy in Nanking, and Douglas Jenkins, Jr., third secretary of the American Embassy in Nanking accompanied by his wife, returned to their duties at the Capital this week after a holiday in the Philippine Islands.

The China Foundation has made a grant of $5,000 to the College of Agriculture and Forestry of the University of Nanking for the continuation of studies in plant breeding and pathology. Of the $5,000 granted, $4,000 is to be used for rice disease experiments and $1,000 for experiments on the inheritance of disease resistance in crops.

The Pan-Pacific Association Ball will he held at the Paramount ballroom in Shanghai on Friday, November 15 . It is sponsored by the International Arts Theatre. Mrs. Chester Fritz is taking a prominent interest in the arrangements. Foreign and Chinese girls will dance in the ballet pantomime which will be given to the accompaniment of Schumann's "Carnaval."

The *Shanghai Maiuichi* Oct. 27 stated that an angry clash between several Japanese and Chinese citizens took place on a bridge near Hainin Road on said date. The street soon became the scene of a general disturbance, when the combatants began using knives and clubs. Many Chinese pedestrians were wounded. Two of the Japanese were also seriously wounded.

Mrs. Owen Roberts, Managing Director of China Child Welfare, Inc., New York, who arrived in Shanghai several week ago for the purpose of investigating the work which is being done here, has returned to Shanghai from a trip to Peiping. Mrs. Roberts and her daughter have taken an apartment in the Broadway Mansions and are planning to reside here for sometime.

The Chinese community in Macao are protesting against a recent order of the Portuguese authorities there to include the Portuguese language in the curriculum of Chinese schools in the island. Upon receipt of the information, Kan Chia-hou, Commissioner of Foreign Affairs for Kwangtung and Kwangsi provinces, proceeded to Macao to take up the matter diplomatically with the Portuguese colonial authorities.

The date for the commencement of operation of the new system of Simplified Life Insurance was fixed for December 1, by a resolution passed at the meeting of the Executive Yuan in Nanking, Oct. 22. The Directorate-General of Posts in Shanghai and the Post Offices in Nanking and Hankow will first undertake the business, which is to be gradually extended to the Shanghai, Kiangsu, Chekiang, Anhwei, Kiangsi, Hupeh and Hunan postal areas as from March 1, 1936 with due consideration to local circumstances.

At the annual meeting of the Shanghai American Club, held Oct. 29 W. J. Frank was elected president for the coming year, C. B. Morrison vice-president, W. M. Simmons hon. treasurer, and L. L. Farnsworth hon. secretary. Elected to serve on the general committee were Messrs. P. H. Bordwell, C. L. Conrady, J. Fistere, jun., A. A. Gormely, and F. E. Vincent.

Dr. John Henry Wigmore, Honorary President of the North Western University in the United States, and an ex-Professor of the Law Faculty of the Keio University, has been decorated with the Order of the Sacred Treasure and the Third Order of Merit, in recognition of services to the cause of Japanese culture. Dr. Wigmore visited Japan this spring to study the history of Japan jurisprudence.

Serious injuries were sustained by Dr. J. Usang Ly, President of Chiao-tung University, on the evenmg of Oct. 2 after he had attended the annual dinner of the Chinese Science Society in the Park Hotel. He was going for his motor car across the street from the Hotel, when suddenly a car driven by a foreign women came up and knocked him down. His left leg and foot were badly injured.

An announcement was made by the American Asiatic Underwriters, Fed. Inc. U.S.A. October 29 that Clayton L. Seitz has been appointed manager of their Shanghai office, in succession to Bruce Jenkins, who resigned to open his own insurance office. Bruce S. Jenkins has established an independent insurance office at 113 Kiukiang Road. He is to represent the Automobile Insurance Company of Hartford, the Insurance Company of North America, and several other companies.

Charged with the crimes of accepting bribes and embezzling public funds, Feng Kuo-jui, formerly member and concurrently Chief Secretary of the Chinghai (Kokonor) Provincial Government Committee, was arrested by the police Oct. 21 at Haitien, western suburb of Peiping. The delinquent official acted for General Ma in the summer when the latter was incapacitated by illness. During that period, Feng is alleged to have accepted bribes from persons seeking government posts.

The 20th anniversary of the establishment of the Science Society of China (*Chung-kuo Ko-Hsueh She*) was celebrated in Nanking, Oct. 28 at a meeting held at the National Central University. The meeting was presided over by Dr. Lo Chia-lun, Chancellor of the University. Following a report on the work of the Society by Dr. H. C. Zen, President of Szechuan University, a speech was delivered by Dr. Chu Min-i, Secretary-General of the Executive Yuan, on behalf of the National Government. Addresses were also delivered by Dr. Ma Chun-wu, Chancellor of Kwangsi National University, and Dr. Hu Shih, Dean of the College of Literature of the National Peking University.

Japanese Police Arrest Koreans Who Try to Smuggle Silver

Acting on hints from the Chinese Customs authorities, Japanese consular police attended at the Wayside Wharf Oct. 26 to prevent the smuggling of silver by passengers on the N.Y.K. express liner *Nagasaki Maru*. Two plots for surreptitiously exporting large quantities of the metal engineered by Japanese nationals were discovered the previous day. One attempt, which involved $16,000 in coins, resulted in the arrest of five Koreans, who posed as Japanese. All were well-dressed and appeared prosperous.

According to police investigations, the quintet, which came to Shanghai from Tientsin by train, was attempting to take the silver to the northern city for re-shipment outside the country. Three of the arrested men are residents of Mukden. The second attempt was foiled by the Customs who sought the assistance of the Japanese authorities in arresting Kenichi Seki, 58, a rubber goods merchant of Osaka, and Takasuke Amano, a felt hat "rebuilder," also of Osaka. They are being detained by the Japanese consular authorities for violation of the Chinese embargo.

Shanghai Japanese Paper Reports a Scare in Chapei

The *Shanghai Mainichi*, October 29, stated that the Chinese residents in the regions of Chapei and Hongkew were thrown into a panic by the recent movements of the Chinese troops, in anticipation of the advent of a "Second Shanghai Event." It was expected that maneuvers of the Chinese force would be conducted, in order to prepare for the suppression of a revolt by the people following their sufferings from the flood waters, and as a demonstration against Japan. The military movement might also, it was said exert some influence on the forthcoming sitting of the Sixth Session of CEC.

The 57th, 36th, and 87th Divisions of the Nanking Government, it was stated, are assembled in Chekiang and Kiangsu, in addition to some special detachemnts and the local troops from Fuukien. They total about 100,000.

Government Official Praises Christian Schools

Pan Kung Chan, Shanghai Commissioner of Education, was the principal speaker at the dedication service for the academy auditorium of Shanghai University Oct. 26, In the course of an address he said: "Christian schools, like the University of Shanghai and its middle school, deserve our highest praise for their contribution to China. Christian schools are pioneers in modern education in China. In recent years we have made rapid educational progress. Some Christian schools are unable to match their progress with the times, and consequently they are left behind, but the University of Shanghai is recognized by the government and the people as one of the best standard instituations. The public have supported the school generously, as in the contribution of funds for this building."

S. U. Zau, representing the board of directors, delivered an address on the importance of Christian education. Principal Howson Lee reported the result of the financial campaign for the new building. On behalf of the alumni association, T. C. Hu presented a portrait of Dr. and Mrs. F. J. White to the university. Dr. White was the president of the University for sixteen years. He retired last spring.

President H. C. E. Liu expressed appreciation to the alumni and the public for their support of the university and the middle school. He praised especially Principal Howson Lee and the middle school faculty for the success of the financial campaign for the new building.

Dr. Payson Treat Says China Must Accomplish Her Own Regeneration

Dr. Payson Jackson Treat, professor of Far Eastern Affairs, at Stanford University, with which he has been associated for 30 years, arrived in Shanghai, Oct. 26 for a stay of several weeks. In an interview in the *China Press* Dr. Treat said:—"I am a firm believer that China must be regenerated through the efforts of the Chinese. I do not believe that America can save China, and it should be our hope that China will be able to solve alone those great problems which face her today. In America there is a live interest in China, and every good report emanating from this country is welcomed in the United States. The United States is anxious, however, not to become involved in the affairs of other nations."

Chinese Retepayers Criticize Municipal Council on House Tax Issue

The Chinese Ratepayers Association of Shanghai this week issued a long statement deprecating the Municipal Council's abandonment of the age-old usage of taking actual rentals as the rateable value of houses and buildings for an assessment of rates to be paid. The Ratepayers brand the Council's move as a camouflaged mode of increasing the rates. The statement outlines three principles upholding the usage of taxation on the basis of rentals and the restrictions of the Land Regulations, by which it is argued the Rate Assessment Committee recently instituted by the Council has no legal status at all beyond its advisory capacity, and by which the Council's liberty to impose additional taxation is circumscribed by the necessity for prior consent of the ratepayers.

Reports Re Establishment of Northwest Branch Supreme Court Denied

A *Central News* message from Nanking Oct. 27 stated that the reports which have been in circulation in certain quarters that the Judicial Yuan is contemplating the establishment of a branch of the Supreme Court in the Northwest were denied by responsible officials of the Yuan Oct 26. The authorities of the highest judicial organ further denied that the Judicial Yuan has made any plan for the establishment of district courts in Tibet and Mongolia.

American Naval Day Is Celebrated in Shanghai

American Navy Day was celebrated in Shanghai Oct. 28 with appropriate ceremony. A parade of the Fourth Regiment U. S. Marines took place at tht Race Course in the morning. In the afternoon the billet of the Second Battalion was open for inspection by the public. The American vessels in the harbor kept open house, but unfortunately there were no big ships in the harbor. The largest was the U. S. *Luzon*, moored off the French Bund. Chaplain Weatherspoon preached a special sermon on Theodore Roosevelt, the President who inaugurated Navy Day, at the Fourth Marines Church service on Sunday, Oct 27.

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New Books of Interest in the Far East

Constructive Suggestions for Avoiding Depressions

Controlling Depressions, by Paul H. Douglas. W. W. Norton & Co., Inc., New York. 1935. 286 pages. Price $3.00.

"The two great rocks upon which the capitalistic system may founder are wars and business depressions, and those who wish to preserve capitalism as well as those who wish to protect the masses and themselves should center their attention upon those problems." *Controlling Depressions* is a vigorous analysis of the causes of the present depression and suggestions for the modification of capitalism if it is to avoid disaster.

Douglas proposes the following as remedies for depressions: A public works program to serve as balance wheel; a governmental budget which should be balanced over long periods rather than from year to year; a managed currency and credit system; modification of the banking system so that private bankers may not alternately inflate and reduce the amount of bank credit; a wage policy of advancing wages during periods when production is advancing; a vigorous insistance that prices be flexible rather than rigid; restoration of competition where possible; socialization of industries where monopoly seems inevitable or economically desirable; unemployment insurance; "the use of a social dividend to consumers or an increased expenditure upon cultural services if the amounts distributed to the purchasers of mass production goods are not sufficient to consume at a profit to industry and under competitive prices the mass production goods and services which are turned out by industry"; and "the adoption, if necessary, of a system whereby the unemployed can be put to work producing goods and services for each other which they would not otherwise be able to obtain."

Capitalism has admittedly been through a long illness. Most economists would agree with Professor Douglas' admirable diagnosis of the causes of the disease, and not a few would agree that the remedies proposed to bring stability are absolutely necessary. Where doubt arises is on the score of the willingness of the patient to follow the prescribed treatment.

Controlling Depressions is constructive in its treatment of business instability. But the implications of this book are profoundly pessimistic to those who wish to preserve capitalism. There seems no great willingness as yet to adopt the drastic remedies which the preservation of capitalism calls for.

Williams College, Oct. 1, 1935. WALTER B. SMITH

Administration in the Former Capital

Peiping Municipality and the Diplomatic Quarter. By Robert Moore Duncan, Ph.D. Peiping: Yenching University, 1933. 146 pages.

The capital city in every country must face abnormal conditions in matters of municipal government and administration. But the government of Peiping presents an interesting combination of political, historical and practical factors which cannot be duplicated in the world today. Peking's immunity to western conceptions of municipal government was breached in the period immediately following the Boxer uprising, when experimental steps toward the establishment of municipal institutions were taken under international control during the absence of the Chinese Imperial family. The organizations which grew up in the following years were taken over by the republican regime in 1912, and gradual changes were made, with special attention paid to police administration.

Upon the removal of the national capital to Nanking in 1928, municipal government in Peiping presented an entirely new aspect. The new regime was instituted in accordance with the provisions of the municipalities law promulgated by the national government on June 3, 1928, In 1930 the revised organic law relating to municipalities was enforced, and affords the legal basis for the Peiping municipality at the present time. It this is seen a tendency toward national rather than provincial supremacy, with a conservative minimizing of local political influence.

The general organization of the government conforms closely to the plan outlined in the organic law, except in the matter of detailed provisions for the establishment of democratic self government institutions. At the head of the municipal government stands the mayor, and closely associated with him are the secretary general, the counsellors and the directors of the four bureaus—the Bureau of Public Safety, Bureau of Finance, Bureau of Public Works and Bureau of Social Welfare. The details and statistics which Dr. Duncan and his Yenching colleagues have collected upon the functions and privileges of these bureaus constitute perhaps the most valuable material in the study.

The book closes with an account of the administrative situation in the Diplomatic Quarter, a system of checks and balances which is not so simple as the obligations in the Protocol of June 13, 1904 would lead one to expect. Since 1914 elementary administrative functions have been in the hands of an Administrative Commission composed of five members. However, it was not until 1919 that the Commission received formal notification of the enforcement of their rules upon the nationals of the Protocol powers.

For students of municipal government this study will prove sufficiently detailed for serious study. It is evident that much of the material has been brought together primarily for this book, and that the author's Chinese colleagues have aided immeasurably, especially Wu Ch'un of the department of Political Science of Yenching University. F.M.R.

Experts Discuss the Trend Towards War in Europe

Europe: War or Peace?, by Walter Duranty. The Future of Sea Power in the Pacific, by Walter Millis. World Affairs Pamphlets Nos. 7 and 9. Published by the Foreign Policy Association, New York, and World Peace Foundation, Boston (jointly). U.S. $0.25 each.

Here are two pamphlets of a series published jointly by the two organizations named above and called "World Affairs Pamphlets." They are authoritatively written. No one can question the authority of Walter Duranty for the one, or that of Walter Millis, author of "The Martial Spirit" and "The Road to War," for the other. They are pamphlets of about fifty pages each, very concise and informative.

In the former, "Europe: War or Peace?", the author takes up the relations between the different European States, starting with a map of Europe which indicates which territories have been transferred from Germany, which from Austria-Hungary, and which from Russia, since the Treaty of Versailles was dicated by the victors and imposed by force upon the vanquished. The map in contrast with that of the United States of America might be called the Divided Nationalities of Europe.

Everyone knew the Peace Treaties were more or less in the nature of patch-work with knots to be ironed out later, and the League of Nations was expected to repair the rents and iron out the knots so that peace and harmony would prevail over the face of Europe. Instead, Europe has more soldiers under arms and greater armaments today than in 1914. Moreover national rivalries, racial and economic, financial and political have been become much intensified, and Europe has again assumed the appearance of an armed camp. Since the publication of the pamphlet the outbreak between Italy and Abyssinia, despite all efforts of the League to arbitrate the difficulty, has emphasized the truth of much said in the pamphlet.

Each European country is dealt with separately, its attitudes and its problems analyzed. A discussion of "Nationalism and Internationalism" follows with comments on war as a means of settlement, on armaments and the propaganda of munitions' manufacturers, on the difficulties of debts and reparations and the question of trade between nations, and on the danger of revolution following defeat or prolonged struggle as the chief deterrent to war today.

The latter pamphlet on "The Future of Sea Power in the Pacific" briefly sketches the history of modern navalism beginning with the machinery spaces in Perry's ships in 1853, which distinguished them from earlier Portuguese ships in Japanese waters, but did not yet make the dependent on fuel depots and repair bases. Iron side-armor, turret mountings and mechanically trained artillery followed later. Then wood construction was replaced by iron and steel; and iron mines, steel works, gun and armor factories, dry docks and heavy machinery all became important.

The author explains the Mahan Theory of Sea Power which rationalized the new navalism. It did not rest its emphasis on the importance of navies in winning wars, nor even on the assumption that the winning of wars was the decisive factor in the fates of people. It was more elaborate and more plausible. It stressed "command of the seas" as a potential strength, and developed the significance of this command as a shield for maritime commerce in war-time and a protection from the threat of war in peace times. Moreover, it assured to a nation its foreign supplies and raw materials, secured lucrative markets abroad for it, and made its commerce and its navy mutually dependent.

After outlining pre-war navalism in the Pacific, he cites the first great crisis of modern navalism. In 1914 the Mahan theory was a real factor in plunging Great Britain into the holocaust which followed. Admiral Mahan himself could hardly have foreseen that the result of British victory would be the passage of maritime supremacy into other hands. But such was the case. The land war engrossed all the energies of Russia, Austria, Italy and France. The British and German navies were locked in a great struggle to destroy one another. The resultant emotion in the United States led Congress to authorize an enormous program of shipbuilding. The program bore no practical relation to the European War itself: public opinion was for a great navy, the naval experts seemed to have little idea of what they were doing except to expand as rapidly and as much as possible. The heavy ships built were cast aside eight months later when the States

entered the conflict, destroyers and merchantmen had to be rapidly built to meet the submarine danger. When the war was ended, any real reason for the shipbuilding program had disappeared, but stupidly enough the building went on.

The other nation to gain was Japan. Britain, hoping to utilize Japan's assistance against Germany, encouraged the new effort in navalism. In Japan, as in the United States, a flood tide of war prosperity made the adoption of a costly building program easy, and by the time the war ended, Japan was dedicated to the pursuit of "sea power" on a scale now rivaled by only two other nations in the world.

The Washington Conference put navalism into a straitjacket, but when Japan broke the ratio agreements, all major naval powers found themselves back where they started in 1920. The London treaty called a truce, but modern navalism has arrived at its second crisis, and the alternatives before the nations of the world are outlined by the author. Whether we are to see a new race for naval supremacy, or whether each nation would do well to confine its naval strength to that needed for defense of its own territory, or whether a new ratio at parity should be established, or "collective security" be planned to restrain Japan in the Pacific, these are the questions that have to be decided. Both of these pamphlets are informative, stimulating and challenging.

G.T.F.

National Association of Vocational Education Issues Brochure

The National Association of Vocational Education of China has issued a brochure describing its activities. The Association was founded in May, 1917 by leading educators and industrialists. The motive for its organization was the recognition of vocation as a basic factor in life problems and education as their fundamental solution. According to the Constitution, the aims of the Association are: (1) To extend and improve vocational education, (2) to adapt general education to vocational needs, and (3) to promote occupational development. For the last eighteen years these aims have been carried out steadily in various directions.

The division of the League of Nations devoted to Communications and Transit has issued a brochure on the pollution of the sea by oil. It is pointed out that bird life, fish and the fishing industry are suffering from this contamination.

Copies of a brochure entitled "The Dawn of Young Russia" published in New York by the League of Young Russia (North American Mission) were distributed in Shanghai this week.

A WORD TO ATHLETES!

The first essential if you are to be proficient at games is to have a keen and steady eye. This is only possible when your liver is in good working order, for if it is sluggish, then dizziness, spots before the eyes, drowsiness, will prove a definite handicap.

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Vice-President Garner Visits Shanghai Enroute to Manila

John Nance Garner, Vice-President of the United States, and Mrs. Garner arrived in Yokohama Oct. 28 on the *s.s. President Grant* at the head of a large group of congressmen and journalists. The party is due to arrive in Shanghai, Saturday, Nov. 2.

Included in the group, which is travelling to Manila to attend the installation of Manuel Quezon as the first President of the Philippines, are 17 members of the Senate, 27 members of the House of Representatives and nine newspapermen.

Interviewed by *Rengo* at Yokohama the Vice-President commented on the close ties existing between Japan and his native state, Texas, which annually ships large quantities of raw cotton to Japan. He declined to discuss political questions, stating that his visit was entirely unofficial. He, however, regretted that the shortness of his stay prevented him from meeting Japanese leaders. The vice-president said he would re-visit Japan on his way back to the United States from Manila, disembarking at Kobe and engaging in sightseeing on his way eastward before rejoining his ship at Yokohama.

Complete silence on international affairs and American domestic politics characterized the visit of the American Congressional and newspaper party to Japan. Mr. Garner and Mr. Byrnes carefully refrained from the slightest mention of international matters, and the Congressmen in the party followed their example.

Mr. Garner also declined to comment on the next American presidential election. Replying to questions of reporters concerning the political situation at home, Mr. Garner declared, "When in the United States, President Roosevelt is my boss. While vising Japan I will follow the programn outlined by the American Charge d'Affaires, Edwin L. Neville."

John Nance Garner, Vice-President of the United States, and Joseph W. Byrnes, Speaker of the House of Representatives, were received in audience by the Japanese Emperor, Oct. 29. They were presented to the Emperor by Edwin C. Neville, Charge d'Affaires of the American Embassy in Tokyo.

Koki Hirota, Japanese Minister for Foreign Affairs, gave a state luncheon in Tokyo Oct. 29 for Vice-President Garner and Joseph W. Byrnes, speaker of the House. Mrs. Garner and Mrs. Byrnes were also in attendance.

Among other guests were Premier Admiral Keisuke Okada; Gen. Yoshiyuki Kawashima, Minister of War; Edwin L. Neville, American charge d'affaires and Mrs. Neville; Prince Iyesato Tokugawa, former prresident of the House of Peres; Prince Fuminaro Konoye, actual president of the Upper Chamber of the Diet, and Kunimatsu Hamada, speaker of the Japanese lower House. Mr. Hirota spoke welcoming his guests and Mr. Garner responded.

John S. Potter, as the representative of the Shanghai American community, met the Vice-Presidential party on its arrival in Yokohama and is escorting it on the trip here. The visitors are scheduled to engage in shopping and sightseeing until noon, when they will be entertained at tiffin by the Mayor and Mme. Wu Te-chen. Dr. H. H. Kung, Minister of Finance, and Mme. Kung will be hosts at a tea, and Nelson T. Johnson, American Ambassador to China, and E. S. Cunningham, American Consul-General in Shanhgai, will be hosts at a dinner at the Park Hotel, following which there will be a reception, also at the Park Hotel, from 10.30 to 11.30 p.m.

Joseph W. Byrnes, the Speaker (accompanied by Mrs. Byrnes) heads the list of 17 Senators in the Vice-President's party, which includes Senators Henry F. Ashurst and wife, Joseph T. Robinson and wife, William H. King and wife, Park Trammell and wife, Burton K. Wheeler and wife, Gerald P. Nye and wife, Tom Connally and son, James F. Byrnes and wife, Matthew M. Neely and wife, Warren R. Austin and wife, Robert R. Reynolds and daughter, Bennett Champ Clark and wife, Nathan L. Bachman and wife, F. Ryan Duffy and wife, Ernest W. Gibson and daughter, Edward R. Burke and wife, Sherman Minton and wife.

The Representatives include: Robert L. Doughton and wife, Allen T. Treadway, Bertrand H. Snell and wife, Arthur H. Greenwood and wife, Sam D. McReynold and wife, Robert A. Green and wife, Lloyd Thurston and wife, Lindsay C. Warren and wife, Richard J. Welch and wife, Wilburn Cartwright and wife, Joe L. Smith and wife, R. Ewing Thomason and wife, Henry Ellenbogen and wife, Leo Kocialkowski, A. Willis Robertson and wife, C. Jasper Dell and wife, W. Sterling Cole and wife, Fred L. Crawford, John J. Dempsey and wife, Don Gingery and wife, Bert Lord and wife, Dan R. McGehee and wife, George H. Mahon and wife, Lousi C. Rabaut and wife, Elmer J. Rayn and wife, Karl Stefan and wife, Commissioner Santiago Iglesias and wife.

The group is accompanied by Emile Hurja, assistant to the Chairman of the Democratic National Committee; ex-Senator Harry B. Hawes, who is making arrangements for the journey on behalf of the Philippines authorities, accompanied by Mrs. Hawes and their daughter; Carl D. Shoemaker, secretary of the Special Senate Committee on Conservation of Wild Life; Leslie L. Biffle, Mrs. Camilio Osian, and Quinten Paredes.

Also in the *President Grant*, and en route to the inauguration, is a group of fifty or more of America's leading political writers, a list of which was printed in *The Review* last week.

Filipino Leaders Arrive Here to Greet Visitors

Seven members of the official receiving party of the Philippine Government arrived here in the *s.s. President McKinley*, Oct. 28. Leader of the party is the Hon. Rafael R. Alunan, Secretary of Finance of the Philippine Government. He is accompanied by his son. Also in the party are the Hon. Pedro Guevra, senior resident commissioner of the Philippines, Marinao M. Cacho, prominent in Manila, and Nicasio Osmena, son of the Vice-President elect of the Commonwealth Government. They are awating the arrival here of the Vice-President and will accompany him and his party to Manila.

THE GIST OF JAPANESE PRESS OPINION

If there is anything new in the reported China policy of Japan recently defined for consideration by the Japanese officials resident in China, it is the perfect harmony ensured of the Gaimusho and the War Office in enforcing the national policy. This we hope will improve Japan-China problems. —*Tokyo Yomiuri.*

China still remains unstabilized. Without its political stabilization, the country could never hope to enjoy real peace and order. It is only natural that the Japanese authorities shouldendeavor to create a competent North China government. The need of such Government is clear from the present Hopeh disturbance.—*Tokyo Asahi.*

China appears to be restless because of the Dairen and Shanghai conference of the Japanese authorities bearing on Japan's China policy. The Chinese must be assured that Japan's policy is after all peaceful, its sole aim being cooperation with China and Manchukuo. China must define her policy to Japan accordingly.—*Tokyo Kokumin.*

The Japanese Government has recently defined its basic China policy and an agreement is reported to have been reached between the Foreign and War-Navy Offices and also between the Central and resident local authorities in favor of such policy. This marks an accomplishment in the annals of Japanese diplomacy.—*Tokyo Miyako.*

The political situation is apparently in a state of lull due to the recent settlement, as the Government believes, of the so-called Minobe Theory issue. In reality, however, the question still remains unsolved and this, together with the budget problem, renders future policies as precarious as ever.—*Tokyo Chugai.*

Manchukuo's attempt to settle the question of Manchu-Japanese exchanges is meeting great difficulty because of the instability of silver quotations. There seems to be a fundamental error in such an attempt since the solution of the problem pre-supposes Manchukuo's economic development.—*Tokyo Yomiuri.*

The latest trouble occurring on the Soviet-Manchu borders seems to have caused a serious dark shade upon the future of the Soviet-Manchu relations. The most effective way to put an end to such difficulty is to set about demarkation as early as possible. Nothing short of that would ensure practical solution of the issues.—*Tokyo Nichi Nichi.*

It is satisfactory that the Finance Office is striving to facilitate inter-Departmental cooperation in the budget compilation. The next thing the Office is expected to set about is to seek balance of the budget by cutting the estimates for fresh projects including the naval and military estimates.—*Tokyo Chugai.*

The result of the recent local assembly election unmistakably indicates that the popular confidence still lies in political parties. Some critics regard the politicians' success in the election as due to the inertia of their past influence. They are only taking a warped view. Political parties' victory is undeniable.—*Tokyo Jiji.*

Raw silk quotations are of late on the upward course while the foreign trade continues to show a favorable balance. But this does not justify too much optimism, inasmuch as the fact is that the budget must be enforced with red-figure loans, and Europe still remains unquiet.—*Tokyo Kokumin.*

Local farmers are now suffering from the double difficulty of redeeming debts and obtaining advances The Government is now enforcing a farm debts readjustment guild act. But regulations being too restrictive, the legislation is little utilized by farmers. Farm relief needs more practical methods.—*Tokyo Kokumin.*

What is attracting particular attention of the world is the theory of the world resources redistribution. It is fair enough as a principle but whether the great Powers of the world have sufficient generosity to consider it is a question. They ought not at least to dominate the Orientals in the Orient.—*Tokyo Kokumin.*

The Anglo-Italian relations have now been considerably eased through the Italian acceptance of the Laval compromise plan. It would be a gross mistake, however, to conclude that peace is now in sight. For the future German attitude might easily upset once again the European situation.—*Tokyo Yomiuri.*

The Egyptian-Japanese trade parley is to be called before long. If this conference is a discussion of merely the two countries, an agreement cannot be difficult to reach since Egypt itself has little ground to avoid trade with Japan. But the difficulty is that behind the Egyptians are the British leaders.—*Tokyo Asahi.*

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9⅝	4¼	—	Adams Express	8½	8⅝
149	110	4.00	American Can	144	144
28½	20¼	0.40	Amer. Cyanamid "B"	26⅝	26½
9¼	2	—	American & For. Power	6⅝	6⅞
42	14	—	American & Foreign Pwr. $7 pref.	33½	32½
18⅝	10⅛	—	American Radiator & S.S.	17⅝	17⅞
145⅝	99⅞	9.00	American Tel. & Tel.	144	144½
105	72½	5.00	American Tobacco "B"	101¾	102¼
19¼	7⅛	—	American Waterworks	18½	19
23½	8	—	Anaconda Copper	21⅞	21¾
57½	35⅝	2.00	Atchison, T. & S. Fe	49	48⅝
44½	15	—	Auburn	42½	42½
18	7½	—	Baltimore & Ohio	15½	14⅞
41¼	21⅝	—	Bethlehem Steel	38⅜	39⅜
16¼	8⅛	—	Boeing Airplane Co.,	14⅜	14⅜
13⅝	8⅝	—	Canadian Pacific Railway	9¼	9¼
102½	45⅝	—	Case, J. I.	102½	101⅝
57½	26½	1.00	Caterpillar Tr.	57	56½
38⅝	20⅛	1.40	Chase National Bank	33⅞	34½
47⅜	36	3.00	Chesapeake Corp.	45⅛	45⅝
47½	37⅛	2.80	Chesapeake & Ohio	45⅛	44⅝
88	31	1.00	Chrysler	86½	84¼
14⅞	3⅝	0.20	Columbia Gas & Electric	14⅜	15⅛
23⅞	17⅝	0.60	Coml. Solvents	18¼	17⅝
2⅞	0⅝	—	Commonwealth & Southern (ord.)	2⅝	2¾
34¼	15⅞	1.00	Consolidated Gas of N. Y.	29¼	29⅜
10⅛	6½	0.50	Consolidated Oil	9	8⅞
24	15⅛	0.25	Continental Oil	23⅜	23⅜
78⅜	60¼	3.00	Corn Products	68¼	68⅜
31⅝	17⅛	0.75	Douglas Aircraft	32⅝	32¼
136½	86⅝	3.60	Du Pont de Nemours	135½	134¼
20⅜	3¼	—	Electric Bond & Share	16	16¼
36	20½	0.80	General Electric	36	35⅝
37½	30	1.80	General Foods	32⅜	32⅜
51¼	26⅝	2.00	General Motors	53¼	52⅞
34⅝	15⅜	1.00	General Railway Signal	34¼	33⅜
18	14⅜	1.20	Gold Dust	17	16⅞
26⅞	15⅝	—	Goodyear Tire & Rubber	19⅜	19⅝
64	44	1.00	Humble Oil	60	60
31⅝	22¼	0.60	International Nickel	31½	31½
12⅝	5⅝	—	International Tel. & Tel.	10⅝	10¼
87¼	38¼	0.25	Johns Manville	86	86
26½	13⅜	0.60	Kennecott	26½	26
49⅝	31¼	2.00	Loew's Inc.	47⅜	49
26½	18½	1.20	Lorillard	25⅜	25¼
94¼	55	1.00	Monsanto Chemical	92½	92
37⅝	21¾	—	Montgomery Ward	34	33⅝
33	18½	1.00	National City Bank	30⅞	31⅞
18	12¼	1.20	National Dairy Prods.	18	17⅝
33½	23½	2.00	National Distillers	32⅝	32¼
14⅝	4⅝	0.80	National Power & Lt.	10	10½
27¼	12¼	—	New York Central	23⅝	23
24¼	9	1.00	North American	23½	24⅛
28⅜	13⅛	1.50	Pacific Gas & Electric	27⅜	28⅛
49½	19	2.40	Pacific Lighting	49½	50⅛
7⅛	3½	—	Packard Motors	6⅞	6½
84⅝	57¼	2.00	Penney, J.C.	79⅝	80¼
30½	17¼	0.50	Pennsylvania Railroad	27⅞	27⅞
34½	13¼	1.00	Phillips Petroleum	33⅝	34
45	20⅝	2.40	Public Serv. of N.J.	43⅝	44
8½	4	—	Radio Corporation	8	7⅞
57	43¼	3.00	Reynolds Tobacco "B"	56⅝	56⅝
51½	22	—	Schenley	48¼	48½
61⅝	31	0.75	Sears Roebuck	60¼	60
15⅝	10⅝	0.30	Socony-Vacuum	12¼	12¼
25½	10⅝	1.50	Southern California Edison	25½	25½
21½	12⅝	—	Southern Pacific	19	18⅝
19¼	12½	0.80	Standard Brands	14¼	14½
9¼	1½	—	Standard Gas & Electric	5	5
50¼	35⅝	1.00	Standard Oil Co. of N. J.	49	48⅝
67⅝	58⅝	3.80	Sterling Products	65⅝	65½
36⅝	28¾	2.00	Texas Gulf Sulphur	31½	31⅞
9⅜	4⅞	0.30	Transamerica	9¾	9⅝
72½	48	1.60	Union Carbide & Carbon	71¼	71
111½	82¼	6.00	Union Pacific	94	95
21¼	9⅞	—	United Aircraft (New)	20⅝	20
10⅝	4½	—	United Airline Trans.	9⅛	9
6⅝	1½	—	United Corporation	5¾	3
18¼	9¼	1.00	United Gas Improvement	17¼	17⅝
66⅝	51	2.00	Universal Leaf	64¼	61⅝
48½	35¼	2.00	U.S. Indus. Alcohol	46¼	46⅜
17¼	9⅛	—	U. S. Rubber	14¼	13⅞
48⅝	27½	—	U. S. Steel	46⅝	47¼
21⅝	11¾	—	Vanadium	18	18¼
8¼	2¼	—	Warner Bros. Pictures	7⅝	7½
89⅛	32⅝	0.50	Westinghouse Electric	89⅛	91

Call Money: 0¼ %

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The National City Bank of New York, Rates of Exchange

Shanghai, Oct. 31, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 3.21
Demand buying rate on America:	U.S.$1.00=Sh. $ 3.11
Demand selling rate on London:	£1.0.0=Sh. $15.80
Demand buying rate on London:	£1.0.0=Sh. $15.29

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